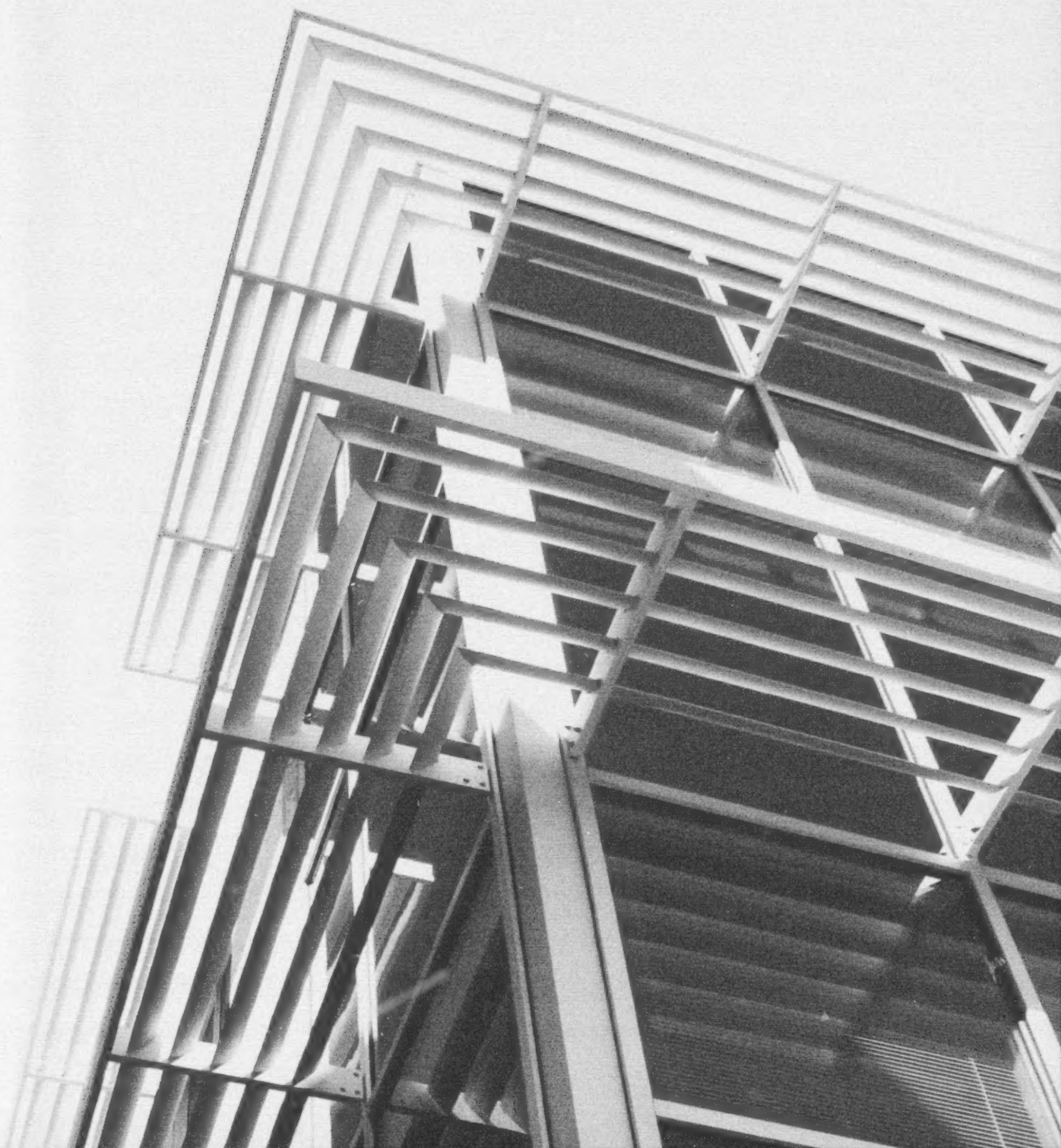


SASKATCHEWAN OPPORTUNITIES CORPORATION

ANNUAL REPORT 2013



On the cover:
2 Research Drive, Regina Saskatchewan
LEED® Gold certified
BOMA BEST Level 4

LETTER OF TRANSMITTAL

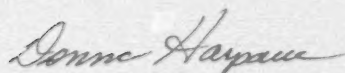
March 31, 2014

To Her Honour
The Honourable Vaughn Solomon Schofield, S.O.M., S.V.M.,
Lieutenant Governor of Saskatchewan

Dear Madam:

I have the honour to submit the Annual Report of
Saskatchewan Opportunities Corporation for the year ended
December 31, 2013, including the financial statements
duly certified in accordance with *The Saskatchewan
Opportunities Corporation Act*.

Respectfully submitted,



Donna Harpauer
Minister Responsible for Saskatchewan Opportunities Corporation



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A MESSAGE TO OUR STAKEHOLDERS

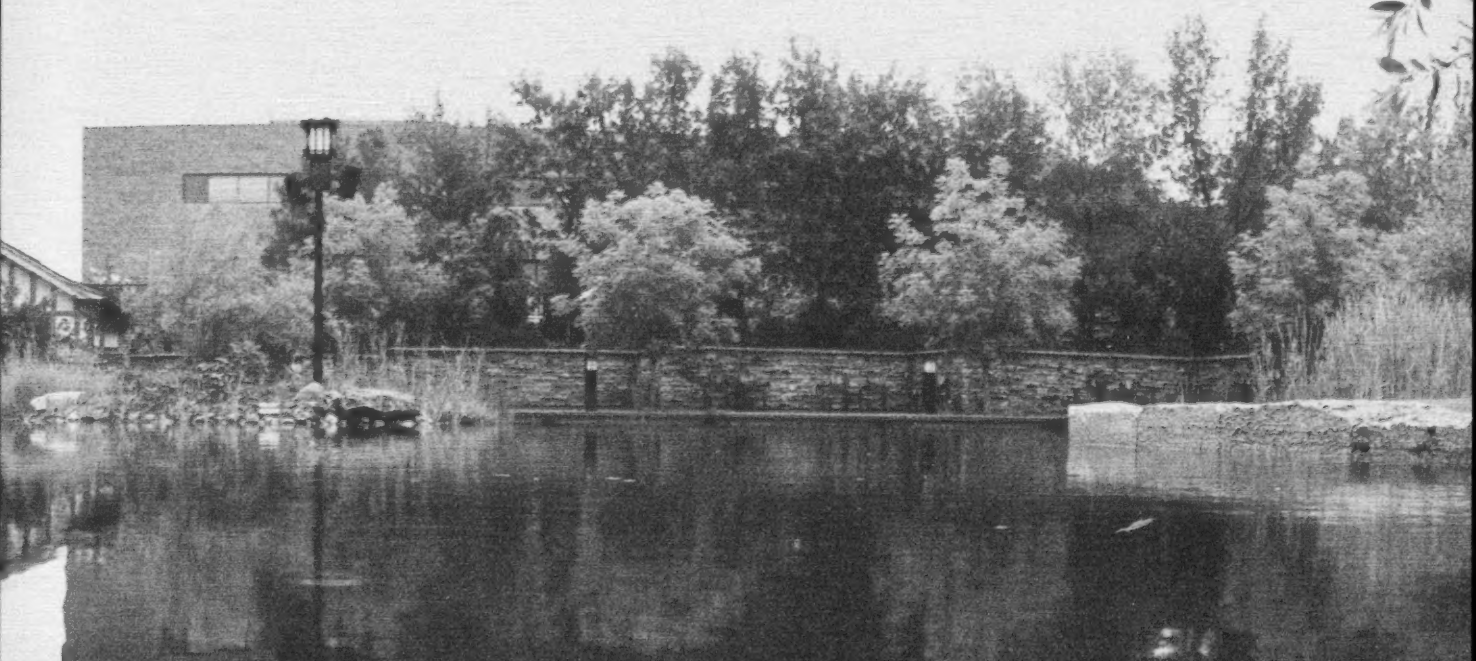
2013 was a year of change and opportunity. There were changes to our Board of Directors and to the executive management, including a new Board Chair and the appointment of an Interim President and CEO.

With changes in leadership, we have the opportunity to reflect on current practices and challenge ourselves to examine the direction we want to take in the future.

Innovation Place is recognized internationally as a model of a successful science and technology park. This does not mean that we can rest on our laurels. Next year will be a year to pause, take a step back and ensure we are still making the right choices and operating as efficiently as possible. We anticipate more change ahead as we reevaluate our mandate. Does our core business align with our mandate? Do our parks have the right mix of tenants? Are we delivering the appropriate amenities?

What we do know is that 2013 was a year that garnered recognition for the achievements and successes of Innovation Place and its tenants. There were 10 companies that started new businesses in Innovation Place facilities, the most startups we have ever seen in one year and exceeding our 2013 target of six. Since 2007 there have been 56 companies that started their business in Innovation Place facilities. These developments show the vibrancy in our parks.

Bitstrata, one of our newest startup companies, came to Innovation Place in 2013 after having won back-to-back competitions for young entrepreneurs. They won the University of Saskatchewan Tech Venture Challenge and the Progress2Capital Business Planning Challenge, which awarded them over \$70,000 and office space at Innovation Place for one year. Through these competitions they were able to access the funding and business mentorship that makes it easier to launch a new company. The collaborative culture that exists in the Innovation Place parks provide many networking opportunities with other young companies and the chance to gain expertise from those who are more mature.



Phenomenome Discoveries Inc., another company that started their business at Innovation Place in 2000, released their COLOGIC blood test to Saskatchewan in 2013. This is the first test of its kind that uses new insights into cancer indicators to detect the presence of early colorectal cancer. This innovation promises to dramatically change the landscape of the ongoing battle against cancer.

As we move into 2014 we will see one of our tenants celebrate a milestone. Ag-West Bio has had offices at Innovation Place since its inception in 1989. For 25 years they have been dedicated to growing Saskatchewan's life science sector, working with innovators and investors to bring research to market. Ag-West was launched to lead and assist the ag-biotech cluster and attract new companies to the province.

On another note, Innovation Place was once again recognized for its sustainable building practices. The Canadian Green Building Association awarded a Leadership in Energy and Environmental Design (LEED®) Gold certification to 2 Research Drive in Regina. This makes Innovation Place parks home to three out of only five LEED Gold certified buildings in Saskatchewan. The Forest Centre building in Prince Albert was the first building in the province to be certified LEED Gold in 2006 and then 121 Research Drive at Innovation Place in Saskatoon was certified in 2012.

BOMA BEST (Building Owners and Managers Association Building Environmental Standards) named the Dr. Jack McFaul building in Saskatoon as the recipient for the Saskatchewan BOMA Earth Award. This award recognizes high standards for energy and environmental performance of existing buildings. BOMA also honoured Ken Loeppky, Vice President and COO of Innovation Place, with the President's Award based on the contributions he has made to the association over the years, first as a member of the Board of Directors and then serving as President of BOMA Canada and on the executive committee of BOMA International.

Our employees also continue to be highly engaged in their work according to a survey conducted by Aon Hewitt and the Queen's University School of Business. Our 2013 engagement level of 85% is the highest engagement achieved in the eight years we have been participating in the survey and once again puts Innovation Place on Canada's Top 50 Small and Medium Employers list. This same survey names Innovation Place as one of Canada's "Green 30" employers, ranking 11th out of 280 eligible companies in Canada. This ranking is based on employees' perceptions of their employer's environmental strategies and activities.

These achievements show that sustainability is not a special initiative at Innovation Place, it is an integral part of the culture of an engaged group of managers and employees.

As we look back on 2013, we can be proud of all our collective accomplishments and know that our future is bright.



Carol Skelton
Chair of the Board



Van Isman
Interim President and Chief Executive Officer



— The Galleria, 15 Innovation Boulevard, Saskatoon

STRATEGIC DIRECTION

Crown Investments Corporation has provided all Crown corporations with an outline of the government's policy objectives and priorities. It has also set out the mandated categories for each corporation's balanced scorecard. The Board has provided further direction to management through their approval of a corporate vision, values and broad goals specific to SOCO. The Business Strategy contained in this document is subject to annual review and monitoring by the SOCO Board.

SOCO operates under the business name Innovation Place. The corporate mission is to support the growth and success of Saskatchewan's technology sector. Innovation Place fulfills this mission through the development and operation of technology parks on the campuses of the province's two universities in Saskatoon and Regina, as well as a forest sector building in downtown Prince Albert.

MISSION

To support the growth and success of the Saskatchewan technology sector through the development and operation of technology parks.

SOCO's mission affects the Corporation's future in the following way:

- To compete internationally, Saskatchewan's science and technology companies and institutions need infrastructure equal in quality to their competitors and an attractive work environment that supports their recruitment and marketing efforts.

INNOVATION PLACE IS
ONE OF CANADA'S
TOP 50 SMALL AND
MEDIUM EMPLOYERS
ACCORDING TO AON
HEWITT AND QUEEN'S
UNIVERSITY SCHOOL
OF BUSINESS

VISION

Saskatchewan's technology parks will be the best in the world.

Tenants of the parks compete in a world wide marketplace for employees, investors and clients. To adequately support them, Innovation Place must be prepared to compete with the best alternative locations throughout the world.

The corporate vision is intended to inspire its employees towards excellence in their everyday work and it is intended to act as a lens through which they make decisions. The vision affects every part of the Corporation's operations, administration and development.

VALUES

Innovation Place fully subscribes to the mandated Crown sector values of honesty, integrity, fairness and respect, and social and environmental responsibility. In addition, the following values have naturally grown within Innovation Place and differentiate us from others in our industry:

Innovation	Leadership in the introduction of new solutions in design, operations and sustainability.
Collaboration	Open and accountable in all our partnerships.
Excellence	The pursuit of quality beyond competence and efficiency to create an attractive and livable work environment for our clients.

GOALS

Public Purpose

Grow Saskatchewan's technology sector by contributing to the growth of the parks' clients, supporting the establishment of new technology companies and attracting new science and technology activity to the province.

To measure our success we set targets for:

- Employment growth within Innovation Place
- Independent analysis of the economic impact of Innovation Place tenants
- Number of tenants locating from outside the province
- Number of new startup companies locating at Innovation Place
- Inventory available to meet demand

Stakeholders

Make it easy for all stakeholders to successfully accomplish their objectives in an environment of fairness, transparency and well being.

To measure our success we set targets for:

- Percentage of general public aware of and have a positive opinion of Innovation Place
- Percentage of CEOs that would recommend Innovation Place to another organization
- Percentage of employees fully engaged in their work
- Average training days per employee
- Percentage of employees agreeing that individual differences of gender, race, ethnicity, sexual orientation, religion or age do not affect the way people are treated at Innovation Place

Financial

Maintain profitability at a level that supports the success of our parks by prudently managing expenditures and enhancing revenues while providing superior value to our tenants.

To measure our success we set targets for:

- Cash return as a percentage of cost of assets
- Vacancy as a percentage of total space inventory
- Debt as compared to equity
- Corporate administration as a percentage of revenue
- Building operating cash flow per square foot

Innovation

Through our efforts and by the example we set, enhance the performance of our industry, our environment and the people we serve.

To measure our success we set targets for:

- Attain 'BOMA BEST' average points per building

97.5% OF EXISTING CEOs
WOULD RECOMMEND
INNOVATION PLACE TO
OTHER ORGANIZATIONS



121 Research Drive, Saskatoon

MANAGEMENT'S DISCUSSION AND ANALYSIS

INTRODUCTION

The following management discussion and analysis for Saskatchewan Opportunities Corporation should be read in conjunction with the audited consolidated financial statements and notes to those statements for the year ended December 31, 2013. What follows will provide the context within which the Corporation's financial statements should be analyzed.

FORWARD LOOKING INFORMATION

This discussion includes forward looking statements about SOCO's corporate direction and financial objectives. Due to the risks and uncertainties inherent in any forecast, the actual results could differ materially from those anticipated.

CORPORATE OVERVIEW

SOCO operates under the business name Innovation Place. The corporate mission is to support the growth and success of Saskatchewan's technology sector. Innovation Place fulfills this mission through the development and operation of technology parks on the campuses of the province's two universities in Saskatoon and Regina, as well as a forest sector building in downtown Prince Albert.

The Saskatoon campus began operations in 1980 and presently is home to 125 tenants that occupy approximately 1.2 million square feet in 17 separate buildings. The Regina campus, opened in 2000, consists of 5 buildings housing 33 tenants and totaling approximately 465,000 square feet. The building in Prince Albert, opened in 2004, is 90,000 square feet and accommodates 21 tenants. The number of people working in Innovation Place facilities is approximately 5,300, spread proportionately through the three locations.

Core Business

Innovation Place manages specialized buildings primarily for technology companies and the service organizations that support them. Building specialization includes research greenhouses, laboratory buildings and industrial pilot plants. Specialized infrastructure includes laboratory utilities such as pure water and steam, process utilities such as high pressure steam and chilled water as well as a high performance data network.

Revenue is generated from leasing space in these buildings to a wide range of tenants that support each other's success. A typical lease arrangement would include a five year term with fixed revenue, adjusted annually for any increase in operating costs. Historic vacancy within buildings is approximately five percent. Major categories of operating costs include utilities, municipal property taxes, building and grounds maintenance and corporate administration. In general, both revenue and expenses are not subject to rapid change. Profitability is tightly linked to local real estate market conditions.

Bio Processing Centre

Innovation Place operates the Bio Processing Centre as contract processing centre in Saskatoon. It extracts high value compounds from plant material, primarily for cosmetic and specialized food purposes. Since 2000, approximately 20 Saskatchewan companies have used the Bio Processing Centre for their processing requirements as have a similar number from outside the province. Management has begun the process of transferring the operation of the Bio Processing Centre to a third party in 2014.

THREE OF THE FIVE
LEADERSHIP IN ENERGY
AND ENVIRONMENTAL
DESIGN (LEED®) GOLD
CERTIFIED BUILDINGS
IN SASKATCHEWAN
ARE OWNED AND
MANAGED BY
INNOVATION PLACE

Organization

The corporation is organized into three divisions: President's Office, Finance and Administration and Operations.

The President's Office is responsible for stakeholder relationships and has the following three departments reporting directly:

- Bio Processing Centre provides contract processing services;
- Boffins Food Services is responsible for the food and beverage services provided for tenants at Innovation Place in Saskatoon; and
- Brand Management is responsible for in-house creative services and corporate communication.

The Finance and Administration division includes four departments:

- Finance and Administration is responsible for strategic planning, risk management, policy development and records management;
- Finance is responsible for accounting, financial reporting and internal controls;
- Information Technology is responsible for corporate IT as well as the park-wide network; and
- Human Resources is responsible for compensation and benefits, talent management and is an advisor to the rest of the Corporation on engagement and culture.

The Operations division includes three departments:

- Technical Operations is responsible for maintenance of buildings, the delivery of certain technical services to tenants and the operation of a central heating and cooling plant in Saskatoon;
- Client Relations is responsible for long term market development, leasing, tenant relations and lease administration; and
- Project Management is responsible for the management of construction projects, asset management and commissioning and recommissioning.

Strategy

The object and purpose of the Saskatchewan Opportunities Corporation is to create, encourage and facilitate business opportunities in the Saskatchewan technology sector. SOCO does this primarily through the development and operation of technology parks under the business name of Innovation Place. Research parks are by "*their nature real estate developments, the profitability and expansion of real estate holdings is a minor consideration compared to the focus on leveraging the real estate for broader innovation and economic development goals in the region.*"¹ Therefore, Innovation Place distinguishes itself from other real estate firms by implementing strategies that are different from a standard real estate company to broaden the Saskatchewan technology sector and support the growth of tenants.

INNOVATION PLACE
FACILITIES HAVE OVER
68,000 SQUARE FEET
OF SPECIALIZED
LABORATORY RENTAL
SPACE AND ANOTHER
125,000 SQUARE FEET
OF INTEGRATED
OFFICE AND
LABORATORY SPACE
FOR RENT

¹ Satellite Technology Partnership Practice, *Driving Regional Innovation and Growth: Results from the 2012 Survey of North American University Research Parks*, August 2013: 8.

What sets Innovation Place apart from other potential real estate companies is the comprehensive nature of the working environment we provide our tenants and their employees. We believe that our environment must integrate five key aspects: the tenants and clusters; the technical environment; the social environment; the physical environment; and the business environment. A diverse mix of tenants, technology and service tenants, a dynamic social atmosphere and high quality facilities work together to create a community that encourages interaction, collaboration and success.

89% OF EMPLOYEES
WORKING FOR TENANTS
OF INNOVATION PLACE
HAVE POST-SECONDARY
EDUCATION. 78% OF
THESE PEOPLE RECEIVED
THEIR EDUCATION IN
SASKATCHEWAN.

Tenants and Clusters

Tenant diversity is achieved by bringing together private and public, large and small, local and international organizations. The 2012 Survey of North American Research Parks concludes that "... a broad base of employment is found across university research parks."² Innovation Place is aligned with this statement as 65% of our tenants are private sector corporations, 16% of government organizations, 6% are University related tenants and 13% are other organizations such as non profit organizations and services organizations.

An appropriate tenant mix is ensured by the approval process for prospective tenants. The Regina and Saskatoon parks each have an independent Management Advisory Committee comprised of representatives from the local business community, university and municipal government; these committees review and approve all tenants that locate within park facilities.

Saskatoon Management Advisory Committee

Karen Chad
Vice President, Research
University of Saskatchewan

Cliff Klein
Industrial Technology Advisor - Saskatchewan
NRC - IRAP

Greg Fowler
Vice President, Finance and Resources
University of Saskatchewan

Murray Totland
City Manager
City of Saskatoon

Glen Shuler
Managing Director, Industry Liaison Office
University of Saskatchewan

John Cross
Past President
Philom Bios Inc.

Laurier Schramm
President and CEO
Saskatchewan Research Council

Pamela Haidenger-Bains
Past Vice President, Legal and Regulatory Affairs
Phenomenome Discoveries Inc.

² Battelle Technology Partnership Practice, *Driving Regional Innovation and Growth: Results from the 2012 Survey of North American University Research Parks*, August 2013: 17.

Regina Management Advisory Committee

David Malloy
Vice President, Research
University of Regina

Michael Monea
President, Carbon Capture & Storage Initiatives
SaskPower

Nelson Wagner
Associate Vice President, Facilities Management
University of Regina

Wayne Clifton
President
Clifton & Associates

John Lee
President and CEO
Regina Regional Opportunities Commission

Jim Nicol
Executive Director, Governance Strategy
City of Regina

Larry Hiles
Past President and CEO
Regina Regional Opportunities Commission

PRIVATE SECTOR TENANTS
ARE OUR PRIMARY
TARGET MARKET AND
ACCOUNT FOR 65%
OF TENANTS AT
INNOVATION PLACE

The primary target for tenants is Saskatchewan based, private technology companies. These companies are judged by management to have the greatest opportunity for employment growth and will display the strongest ongoing loyalty to Innovation Place and the province. Secondary targets include business and technical service organizations, research institutes and national and international technology companies.

Clusters of similar organizations are important to technology parks and have played an important role in the success of Innovation Place. Networks developed between organizations and the individuals within those organizations speed the sharing of ideas and information. Industry specific clusters, such as agriculture, share the greatest common interest and collaborate more actively. In Saskatoon the largest clusters are in agriculture and life sciences and mining technology with a smaller but vibrant information technology cluster as well. In Regina the largest clusters are energy and the environment, and information technology.

Technical Environment

Our tenants have access to a wide range of technical services primarily provided by other tenants in our parks. These include contract research and engineering, analytical laboratories and contract processing. Our own employees supplement these services by offering specialized maintenance, prototype development and electronic monitoring of security systems, building systems and tenant equipment.

The park network infrastructure differs from a typical office building as Saskatoon has a redundant path to the internet and bandwidth is currently allotted based on a sliding scale of square footage and or business needs starting at 10 Mbps and up to 50 Mbps synchronous. Innovation Place tenants have internet connectivity provided as part of their lease. Most buildings in the parks have backup generators that supply emergency power. All internet service providing equipment is on this backup power circuit.

The facilities themselves contribute to the technical environment. Our buildings provide tenants with specialized capabilities needed for sophisticated science and technology activities. Mechanical systems provide the air, water and steam in qualities and quantities that far exceed what is normally available commercially. In addition to high quality office buildings we provide research greenhouse space, growth rooms and a variety of laboratory buildings. The park's infrastructure includes high speed internet access not readily available in other locations. Certain process utilities such as high pressure steam, reverse osmosis water and chilled water for process purposes are distributed on a park wide basis. Basic building maintenance and the responsiveness to maintenance emergencies is provided by skilled on site employees with response times intended to be a model for the industry.

A commitment to sustainable development, evidenced by Leadership in Energy and Environmental Design (LEED) certification of buildings and BOMA BEST certification of building operations, contributes to our reputation. Active participation in industry associations and the resulting recognition add credibility to the Innovation Place brand.

Social Environment

Social interaction fuels the increased productivity and innovation which arises from collaboration amongst the people on our campuses. All components of our business, from planning and design to operations, are committed to enhancing the interaction between tenants. Building design incorporates public spaces that attract employees during the work day. We ensure these spaces are well used by arranging events such as concerts or receptions that bring residents of the campus together. This includes campus sports leagues and fitness activities. Food services also act as focal points for employee interaction. A weekly electronic newsletter distributed to all tenants provides information on tenant activity, campus events and individual or organizational successes.

Through these various techniques management supports a sense of community within the campuses that removes barriers to collaboration.

Physical Environment

The physical environment of our campuses serves an important role as well. Attractive buildings and grounds are intended to provide a credible platform for tenants as they market themselves and their products. Our facilities use the most advanced building systems and the newest green technologies reinforcing our corporate image of innovation and leadership.

The quality of our campuses is also critical in our attempts to attract new tenants and maintain the loyalty of those existing tenants.

Recruitment of new employees, in many cases from locations around the world, is critical to our tenants' success.

IN 2013 INNOVATION
PLACE ORGANIZED AND
HOSTED 138 EDUCATION,
TRAINING, NETWORKING
AND HEALTH AND
WELLNESS PROGRAMS
FOR OUR TENANTS

Business Environment

We build unique business relationships with each of our tenants. Business is driven by the view that we are partners with our tenants and we can only truly succeed if they succeed, as such we work to ensure tenants stay in business.

Marketing objectives are somewhat non traditional due to the fact that a tenant's potential for future growth is as important as their present size. The impact they will have on attracting other tenants can be critical. Potential tenants that are not interested in locating in the parks immediately, but may be in the future, are also important.

Marketing strategy is primarily based on the quality of the environment available to tenants and the reputation of the parks locally and internationally. Traditional advertising and promotion are not used to market the parks. Relationships with provincial and municipal economic development agencies extend the marketing reach of the parks beyond the borders of the province. Park tenants are used as ambassadors for the parks to capitalize on their international science contacts.

The lease terms available to tenants are flexible. We take into account the stage of development of a young company and the financial realities encountered by technology startup companies.

We take the long term risk on the investment in our specialized buildings while remaining willing to enter into short term lease arrangements with tenants. As a rule we design and construct the specific leasehold improvements needed by individual tenants and incorporate a return on those capital costs into our lease rates. We help tenants reduce costs through economies of scale by constantly seeking out services or capital investments that can be shared by multiple tenants.

INNOVATION PLACE
STAFF NEGOTIATED
AND CLOSED 137 LEASE
TRANSACTIONS IN 2013
INCLUDING EXPANSION
AGREEMENTS FOR
35 TENANTS

The way in which we price our product is important to maximizing both our financial returns and the extent to which we fulfill our mandate. In general we charge a premium over comparable space where such comparisons are possible, for example office space. The premium is justified by the quality of the product and the value the location provides to tenants.

We do, however, need to provide a great deal of flexibility in the way we price space for early stage companies that aren't yet in a position to afford premium space. Supporting these companies is fundamental to fulfilling our mandate and on the practical side they represent the potential to become the major park tenants of the future.

Historically, flexibility has included low initial rates with escalations as the tenants grow and begin to generate more revenue or attract more investment. In some cases rents can also be based on the level of sales achieved by the tenant. As they grow, our income grows.

KEYS TO SUCCESS

Client Satisfaction

Historically the majority of demand for space has come from the growth of existing tenants. Client satisfaction is therefore a key indicator of future demand. Considering the valuable role existing tenants have in assisting Innovation Place attract new tenants, client satisfaction becomes doubly important. Client satisfaction is substantially impacted by the performance of the employees of Innovation Place.

AON HEWITT NAMED
INNOVATION PLACE ONE
OF CANADA'S TOP GREEN
EMPLOYERS, RANKING
11TH OUT OF 280
ELIGIBLE COMPANIES

Demand

The mission for Innovation Place is to support the growth of the technology sector through the development and operation of the province's technology parks. The single biggest key to success in meeting that mission is the level of demand for space from existing and new tenants. When demand exists it validates the operational and marketing strategies employed by Innovation Place.

Encouraging and Supporting New Companies

Providing a good first home for startup companies is critical to the future success of those companies, the parks and the province. There are presently more than 100 private companies in Innovation Place facilities. More than half of these tenants started their businesses in Innovation Place.

Rental Rates

The primary components of financial performance in the core business of Innovation Place are rental rates, operating costs in buildings and vacancy levels. Rental rates are impacted by broader market conditions in the cities of Prince Albert, Saskatoon and Regina as well as demand for space in the parks themselves.

CAPABILITY TO DELIVER SUCCESS

Rental Space Inventory

At year end the overall vacancy level for Innovation Place facilities stood at 4.44%. With success defined as accommodating the growth of employees in the parks, the capability to be successful in the short to medium term could be affected by issues relating to space utilization.

Management will continue to evaluate all means by which Innovation Place can support the success of existing and appropriate future tenants.

Financial

Based on current performance Innovation Place has the financial resources to meet all the capital investment requirements to maintain existing buildings at their present high level of quality. The financial resources are also available to support the leasing of the remaining vacant space.

ON AVERAGE
INNOVATION PLACE
EMPLOYEES RECEIVED
6.2 DAYS OF TRAINING
IN 2013. MUCH OF THE
TRAINING FOCUSED
ON IMPROVING
PROFESSIONAL,
TECHNICAL
AND SAFETY
CAPABILITIES

Human Resources

At the present level, Innovation Place employees have the capacity to manage all of the operating and development requirements of the company. Executive management is experienced with the two Vice Presidents having a combined experience of over 24 years with Innovation Place. The average age of employees is consistent with the average age of the Saskatchewan workforce. The age of employees throughout the corporation is relatively evenly distributed with slightly higher numbers in the late twenties and early forties age brackets.

Senior leaders in the technical areas of Finance and Administration and the Project Management department have appropriate professional designations. Technical employees have trade certification or equivalent certification related to their jobs. Most senior Property Management and Marketing employees have appropriate industry designations or are enrolled in a designation training program.

Employees have been active in industry associations serving at various times as President of the Building Owners and Managers Association (BOMA) Canada, member of the BOMA international board, and President of the Real Estate Institute of Saskatchewan.

Innovation Place employees work within a strong and supportive policy framework that requires employees to sign off on an annual declaration of compliance with the following policies: Code of Conduct, Confidentiality and Non-Disclosure, Conflict of interest, Harassment, Whistleblower, Health and Safety, Privacy, Theft, Fraud and Other Losses, Visa Business Card, and Information Technology.

Technical Resources

Innovation Place uses various systems to operate the business. The property management and accounting system and various others have the capacity to meet foreseeable growth. The management of the corporate and park network (provides internet service for tenants) is handled inhouse by the Information Technology Department. The corporate network is backed up daily and recovery is regularly tested.

The park network infrastructure differs from a typical office building as Saskatoon has a redundant path to the internet and bandwidth allotted to each tenant is 20 Mbps synchronous. Management plans to build a redundant path to the internet into the Regina park in 2014. All internet service providing equipment is on this backup power circuit.

All building management and control systems are monitored 24 hours a day by Innovation Place employees. These state of the art systems ensure employee comfort while maximizing the efficient operation of buildings. Building security systems are also monitored 24 hours a day by Innovation Place employees. All tenant suites and building exterior doors are monitored by the electronic security system at all three locations. Technical Operations staff follow International Organization for Standardization (ISO) 9000 criteria to manage the maintenance function and ensure high quality results while consistently meeting tenant requirements. An automated scheduled maintenance program is used to ensure preventive maintenance is carried out in a timely manner. Innovation Place provides employees with a vast array of quality tools, equipment and facilities to maintain our assets and perform maintenance on tenant equipment.


THE SASKATOON PARK
HAD 100% UPTIME OF
INTERNET SERVICES
IN 2013.


BALANCED SCORECARD RESULTS


Crown Investments Corporation provides all Crown corporations with clear direction for establishing long term planning. Corporate objectives, measures and targets are established for the required categories of Public Purpose, Stakeholders, Financial and Innovation. The Balanced Scorecard is used to measure and report performance and results for these goals.


Indicator Legend

Indicator lights are used to illustrate Balanced Scorecard performance.

 Exceeded target by 20% or greater

 On target

 Slightly off target by up to 20%

 Off target by greater than 20%

Public Purpose

Grow Saskatchewan's technology sector by contributing to the growth of the parks' tenants, supporting the establishment of new technology companies and attracting new science and technology activity to the province.

Job Creation

Measure	2012 Actual	2013 Target	2013 Actual	2014 Target	2015	2016	Indicator
1 Employment growth within Innovation Place	313	(82)	(354)	(191)	134	99	●


The current mandate of Innovation Place is to promote the growth of the technology sector. As such, the increase in employees (i.e. jobs created) in the parks is a good indicator of tenants success and the direct impact the corporation has on the technology sector.

However, without new development in the parks, the number of employees able to work in the parks is finite. Current conditions suggest that Innovation Place is likely at its maximum employee capacity of approximately 5300 to 5500. This limited capacity has resulted in Innovation place being unable to meet the growth needs of some tenants resulting in some tenants vacating and others planning to vacate. The result is a decrease in employment growth for the first time in our history.

The advantage to tenants leaving the park is that Management can take the opportunity to accommodate the growth of remaining tenants and bring new tenants into the parks. The disadvantage is the potential erosion of existing clusters (depending on which tenants leave) making the parks less effective as the clusters will be smaller resulting in less networking and synergy opportunities.

16% OF OUR TENANTS
ARE GOVERNMENT
AGENCIES INVOLVED
IN TECHNOLOGY
DEVELOPMENT AND
DEPLOYMENT,
COMMERCIALIZATION
AND RESEARCH AND
DELIVERY OF RELATED
PROGRAMS AND ARE
AN IMPORTANT PART
OF OUR TENANT
MIX

During 2013, there was a decrease of 354 employees at Innovation Place as compared to the end of 2012. Although a reduction of the employment was expected, the greater reduction is mainly attributed to some tenants in Saskatoon downsizing and other tenants vacating the parks. Regina experienced a minor employee decrease as compared to the end of 2012. This decrease was due to one significant tenant vacating during the fourth quarter as well as three existing tenants experiencing a substantial decline in employees over the year; this was partially offset by some existing tenants experiencing employment growth. Prince Albert saw a very modest employment growth during 2013 which was caused by existing tenants increasing their employee bases.

	Measure	2012 Actual	2013 Target	2013 Actual	2014 Target	2015	2016	Indicator
2	Independent analysis of the economic impact of Innovation Place tenants	\$1,170.23M	\$1,153M	\$1,168M	\$1,085M	\$1,067M	\$1,088M	


It is management's belief that the impact of our tenants on the provincial economy is the most important measure of our success in meeting our mandate as the growth in tenant's payroll and direct purchases represents growth of the technology sector.

The annual survey of tenants asks for the net local payroll of the tenants and the total local and provincial purchases made by tenants. Using an economic model developed at the University of Saskatchewan, these direct outlays are used to reflect the value of employee benefits and the direct impact of those purchases.

Similar to the measure of *Employment growth within Innovation Place*, without new development in the parks the economic impact may be at its limit (notwithstanding inflation).

The actual survey results that were received and reported for the fourth quarter are \$1,168M which are slightly higher than the annual target of \$1,153M. According to the survey findings, this is the result of lower than expected impact from Saskatoon tenants and higher than expected impact from tenants in both Regina and Prince Albert. Saskatoon results are lower due to two factors: fewer tenants in the park and select tenants reporting reduced employment or revenues compared to previous years. The increased impact in Regina is the result of a slight increase in salaries paid combined with a significant increase in the total value of goods and services purchased. Prince Albert saw the highest economic impact ever reported resulting primarily from a significant increase in the total value of goods and services purchased by tenants.


INNOVATION PLACE
HAS OVER 43,000
SQUARE FEET
OF LEASABLE
GREENHOUSE SPACE

	Measure	2012 Actual	2013 Target	2013 Actual	2014 Target	2015	2016	Indicator
3	Number of tenants locating from outside the province	4	3	0	3	3	3	

Companies establishing new facilities in Saskatchewan clearly bring new economic activity to the Province. Although there were no tenants from outside the province occupying space at Innovation Place during 2013, during the past six years 19 private companies from outside Saskatchewan have established a presence in Innovation Place.

Innovation Place does not typically market aggressively to companies outside the province; however, we work closely with other organizations such as the Saskatchewan Trade and Export Partnership (STEP), Ag-West Bio Inc. and the Saskatoon and Regina regional economic development agencies to expand our reach beyond Saskatchewan's borders. We keep them aware of what is happening at Innovation Place and with our tenants so they can use this information in their national and international meetings.

In 2013, management reduced our effort further to focus on meeting the expansion, relocation and consolidation needs of existing tenants and sourcing startup companies. This shift in focus resulted in no new tenants from outside the province but allowed us to expand 35 existing tenants and accommodate 10 startup companies.


Measure	2012 Actual	2013 Target	2013 Actual	2014 Target	2015	2016	Indicator
4 Number of new startup companies locating at Innovation Place	9	6	10	6	6	6	

THE TENANTS IN SASKATOON BENEFIT FROM A REDUNDANT PATH TO THE INTERNET. REGINA TENANTS WILL HAVE ACCESS TO REDUNDANCY IN 2014.

The current mandate of Innovation Place is to promote the growth of the technology sector. As such, local companies involved in technology are our primary target market. They are the most prone to grow and stay in Saskatchewan. Encouraging the establishment of new companies increases the potential for corporate successes that can dramatically impact the economy.

Management actively markets within the province to inform and attract startup companies to Innovation Place. Innovation Place has supported the establishment of 56 new private sector startup companies since 2007.

To further support this objective, construction is underway on the co-working space in Saskatoon which will be ready for occupancy in early 2014. The target market for this space will be startup companies and application developers who need a professional work environment. In 2014 Innovation Place is again sponsoring the Saskatchewan Business Challenge (formerly Progress2Capital) and the Tech Venture Challenge in collaboration with the University of Saskatchewan and economic development agencies.

Measure	2012 Actual	2013 Target	2013 Actual	2014 Target	2015	2016	Indicator
5 Inventory available to meet demand	8.41%	8.8%	29.96%	30.5%	17.2%	10.2%	

This measure is unique to our company and is our primary risk indicator. Vacancy rates alone do not provide management enough information to make informed decisions. To manage inventory and ensure we are properly positioned to meet our mandate to support the growth of the technology sector, we must also understand the relationship between demand and supply. Specifically, this measure tells us what percentage of demand we are able to accommodate with vacant space. Knowing that not all demand manifests itself into a lease, Management has set a benchmark range of 50% to 75%.

We calculate identified demand as space requirements of existing or potential tenants who have expressed an interest in expanding or locating in our facilities. This demand is then compared as a percentage to the total of vacant space.

This is a complex measure and one must really understand the details to assess success. For example, if demand for space decreases due to the belief that Innovation Place will not be able to accommodate future growth, then the percentage will increase. However, the increased percentage would not represent the goals of Innovation Place.

The variance from target to year end actual is a combination of higher than anticipated year end vacancy, a large potential tenant deciding not to relocate to the park, an existing tenant reducing their requirements for expansion space, and with no new development on the horizon, the decision to remove two tenants who had identified an interest in a new building from our demand list in the third quarter.


Despite the drop in demand during 2013, the increased inventory represents an opportunity for Innovation Place to continue expanding, relocating and consolidating existing tenants while also providing options for new tenants in 2014. The current ratio is improving and moving toward management's benchmark of 50% to 75% and gives management the flexibility they need to meet tenants' space needs. It is anticipated a higher ratio will continue as tenancies are reviewed and backfilling continues.

INNOVATION PLACE HAS
22 HIGHLY SPECIALIZED
GROWTH CHAMBERS
FOR SPROUTING AND
GROWING SEEDLINGS

Stakeholders

Make it easy for all stakeholders to successfully accomplish their objectives in an environment of fairness, transparency and well being.


Support from Ownership

Measure	2012 Actual	2013 Target	2013 Actual	2014 Target	2015	2016	Indicator
6 Percentage of general public aware of and have a positive opinion of Innovation Place	98.95%	98%	100%	98%	98%	98%	

As a Crown corporation, support from the people of the province is an important measure in determining whether the general public supports Innovation Place and believes we are meeting our mandate.

This measure represents the percentage of the Saskatchewan population we expect to respond positively to the following question in our annual Public Awareness Survey, "Have you heard of Innovation Place?" and "What would you say your impression of it is?"

Client Satisfaction

Measure	2012 Actual	2013 Target	2013 Actual	2014 Target	2015	2016	Indicator
7 Percentage of CEOs that would recommend Innovation Place to another organization	98.54%	98%	97.5%	98%	98%	98%	


To ensure Innovation Place meets customer growth challenges while maintaining high level of service quality and customer satisfaction, the corporation asks tenant CEOs "Would you recommend Innovation Place to potential tenants?" to determine overall satisfaction.

The extent to which our tenants approve our strategies is key to future financial performance and is indirectly related to their own ability to grow and to support our growth through tenant referrals.

Although we are aware of tenants who are not satisfied with having to vacate the park because we can't accommodate their growth, client satisfaction of existing tenants remains high. This high rating reflects both the quality of facilities and the quality of operations. Specific examples include the timeliness of maintenance response, the availability of specialized services on site, the specialized nature of the facilities and the active social environment.

The attractiveness of the physical environment and the park amenities also contribute to client satisfaction by assisting client's marketing and recruitment efforts. The near perfect rating is gratifying to management considering it comes after a period of fairly rapid increases in rental rates.

Productive Workforce


Measure	2012 Actual	2013 Target	2013 Actual	2014 Target	2015	2016	Indicator
8 Percentage of employees fully engaged in their work	83%	80%	85%	80%	80%	80%	

To ensure Innovation Place builds an effective workforce that is productive and provides service quality, management has invested in improving employee engagement.

An annual survey of employees conducted by Aon Hewitt and the Queen's University School of Business determines the corporation's level of employee engagement and then ranks that level against small and medium sized companies across Canada.


The 2013 result of 85% is the highest engagement level achieved in eight years and puts Innovation Place, once again, on Canada's list of top 50 small and medium employers. This high engagement level is the result of the continued efforts of both management and employees.

INNOVATION PLACE
HAD ZERO LOST TIME
DUE TO INJURY IN 2013.

	Measure	2012 Actual	2013 Target	2013 Actual	2014 Target	2015	2016	Indicator
9	Average training days per employee	5.31	5	6.2	5	5	5	

To ensure Innovation Place builds an effective workforce that is productive and provides service quality, management invests in employee training. We dedicate an average number of days per employee to be invested in enhancing the knowledge and skills of our employees. This measure allows the inclusion of free training, internal and external training, as well as self-directed training. Corporate training is aligned with maintaining a constructive culture and enhancing leadership / management skills. Individual training will also occur for specific needs of employees.

The year end results show our commitment to ensuring our employees are in a position to advance business practices, work in a constructive culture and safe environment, and provide superior customer service. It also is an indication of an improved system which allows for tracking a variety of training methods. For example, of the total training provided to employees, 3.8 days relate to training from external sources. An additional two days relate to training provided by internal employees to other employees. The remaining 0.4 days of training accounts for employee self-directed training including research and reading which is often done outside work hours.

	Measure	2012 Actual	2013 Target	2013 Actual	2014 Target	2015	2016	Indicator
10	Percentage of employees agreeing that individual differences of gender, race, ethnicity, sexual orientation, religion or age do not affect the way people are treated at Innovation Place	84%	90%	91%	90%	90%	90%	

To ensure Innovation Place creates a culturally diverse and supportive work environment we monitor employees agreeing that Innovation Place supports human equity and related treatment of employees. We obtain our results from the annual employee engagement survey which ask whether individual differences of gender, race, ethnicity, sexual orientation, religion or age affect the way people are treated at Innovation Place.

The 7% increase in this score from last year may be due to the ongoing efforts to foster a constructive culture which includes valuing diversity.

Financial

Maintain profitability at a level that supports the success of our parks by prudently managing expenditures and enhancing revenues while providing superior value to our tenants.

Comparison of 2013 Results with 2012 Results

	2013 Actual	2012 Actual	Variance
Revenue	\$41.5M	\$40.8M	\$0.7M
Expenses	\$37.4M	\$35.0M	\$2.4M
Net Finance Expense	\$1.7M	\$1.5M	\$0.2M
Net Income	\$2.4M	\$4.3M	(\$1.9M)
<hr/>			
Total Assets	\$193.7M	\$193.0M	\$0.7M
Total Debt	\$36.7M	\$36.7M	\$0.0M
<hr/>			
Operating Cash Flow	\$12.1M	\$13.7M	(\$1.6M)
Total Capital Investment	\$5.5M	\$8.9M	(\$3.4M)

Net income of \$2.4 million in 2013 decreased \$1.9 million from 2012. This decrease is the result of decreased processing activity at the Bio Processing Centre, increased administration expenses and increased snow removal costs.

Overall revenue of \$41.5 million is up \$0.7 million from \$40.8 million in 2012. Revenue from rental operations increased \$1.3 million due to increased rental rates and increases in related service revenue. The decrease in activity at the Bio Processing Centre resulted in significantly decreased revenue of \$0.6 million.

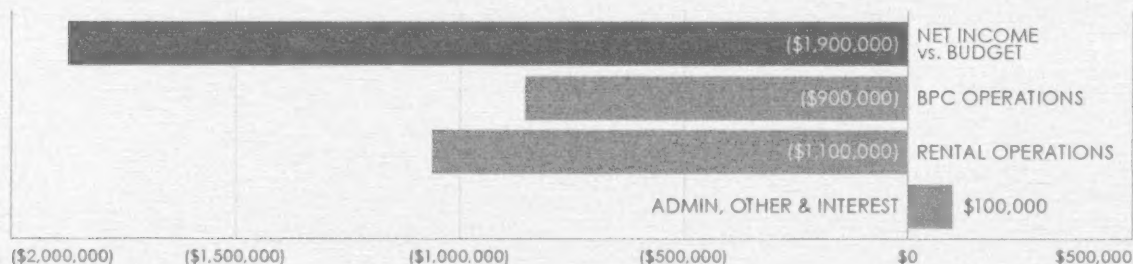
Expenses of \$37.4 million increased \$2.4 million from \$35.0 million in 2012. Total expenses related to rental operations increased \$1.7 million due to general cost increases, increased amortization and maintenance activities, and higher snow removal costs. Due to the fixed nature of the Bio Processing Centre expenses they did not decrease in 2013 despite the reduction in revenue. Total administration expenses increased \$0.6 million.

Investment in capital assets was \$5.5 million in 2013, decreasing \$3.4 million from 2012.

Total debt outstanding at year end was \$36.7 million, unchanged from the prior year.

Comparison of 2013 Results with 2013 Budget

	2013 Actual	2013 Budget	Variance
Revenue	\$41.5M	\$42.1M	(\$0.6M)
Expenses	\$37.4M	\$36.2M	\$1.2M
Net Finance Expense	\$1.7M	\$1.6M	\$0.1M
Net Income	\$2.4M	\$4.3M	(\$1.9M)
<hr/>			
Total Assets	\$193.7M	\$192.7M	\$1.0M
Total Debt	\$36.7M	\$36.7M	\$0.0M
<hr/>			
Operating Cash Flow	\$12.1M	\$13.7M	(\$1.6M)
Total Capital Investment	\$5.5M	\$8.8M	(\$3.3M)

Annual to Budget Variance

Net income of \$2.4 million represents a \$1.9 million unfavourable variance from budget.

Our core business of leasing of space, maintaining buildings and infrastructure, and providing a social environment for the science and technology sector was \$1.1 below budget with a net income of \$10.5 million. The unfavourable variance is due primarily to increased amortization, snow removal, and other expenses not recoverable from tenants.

Net results for the Bio Processing Centre were \$0.9 million under budget for 2013. The \$0.9 million unfavourable variance in revenue was due to changing needs and circumstances of tenants.

The remaining revenue and administration expenses had a \$0.1 million favourable variance compared to budget.

The total investment in capital of \$5.5 million was \$3.3 million below budget due to less capital being required for tenant improvement projects, and scope and timing changes for building improvement projects.

The December 31, 2013 cash balance is \$11.3 million, reflecting a \$6.9 million increase from budget due to cash at the beginning of the period being \$3.9 million ahead of budget, and capital expenditures being under budget by \$3.2 million.

THE COOLING PLANT AT INNOVATION PLACE IN SASKATOON HAS THE CAPACITY TO PRODUCE OVER 3000 TONS OF COOLING. THIS IS ENOUGH TO MAKE 1360 KILOGRAMS (3000 POUNDS) OF ICE PER HOUR.

Return on Investment

Measure	2012 Actual	2013 Target	2013 Actual	2014 Target	2015	2016	Indicator
11 Cash return as a percentage of cost of assets	5.45%	5.24%	4.70%	4.80%	5.08%	4.91%	

THE MAINTENANCE
DEPARTMENT AT
INNOVATION PLACE
IN SASKATOON
COMPLETED OVER 4,000
SERVICE REQUESTS
FROM TENANTS
AND PREVENTIVE
MAINTENANCE WORK
ORDERS IN 2013

Cash from operations represents the capital available to meet our mandate and our public purpose goal by funding future growth. Adequate cash from operations is also needed to maintain our assets and ensure the financial stability of our company.

Cash from operations as a percentage of the original cost of assets is used as the primary measurement of financial performance because it is not impacted by internal accounting or financing policies. It is also easily compared to other real estate companies. Cash from operations consists of earnings before interest and amortization. Interest expense is excluded from the calculation to expose the true cash generation potential of the assets.

The corporation's long term benchmark of 5% was recently increased from 3%. The last industry comparison, completed late in 2012, confirms Innovation Place performs within the range of the industry average range (4% to 9%) for companies its size.

The decrease in 2013 cash return is due to the reduction in net income in both the rental operations and Bio Processing Centre.


Measure	2012 Actual	2013 Target	2013 Actual	2014 Target	2015	2016	Indicator
12 Vacancy as a percentage of total space inventory	2.38%	3.1%	4.44%	5.8%	3.9%	2.9%	

Vacancy is a standard industry measure that allows for easy benchmarking. It provides us with valuable information beyond simple comparison. To meet our mandate we must maintain a certain level of vacancy so we are capable of reacting to opportunities. Rather than attempting to minimize vacancy we have the responsibility to properly manage vacancy to balance the need for inventory with the cost in lost revenue from vacant space.

Throughout 2013, we focused resources on meeting the expansion, relocation and consolidation needs of our existing tenants and reduced our focus on sourcing new tenants for the parks. That strategy, coupled with unanticipated vacancies and delays in backfilling vacant spaces, contributed to the vacancy rate being higher at year end than our target.


Our year end vacancy rate is in line with our 5% benchmark and the current market vacancy rates in Saskatoon and Regina. This additional vacancy will continue to provide us an opportunity to address the needs of existing tenants in 2014 and is not significant enough to adversely affect our financial performance. Discussions are underway on several spaces including some of the vacant lab areas. We are aware of additional vacancies projected in 2014 and are addressing re-leasing strategies accordingly.

Sustainable Financial Position

Measure	2012 Actual	2013 Target	2013 Actual	2014 Target	2015	2016	Indicator
13 Debt as compared to equity	16.36%	18.05%	15.02%	16.02%	16.30%	15.90%	

To measure the financial sustainability of the company we monitor our debt to equity ratio. The ratio at December 31, 2013 is below the target for the year due to the high cash balance at year end.


Operating Efficiency

Measure	2012 Actual	2013 Target	2013 Actual	2014 Target	2015	2016	Indicator
14 Corporate administration as a percentage of revenue	10.42%* Restated	11.78%* Restated	11.71%* Restated	12.30%	12.53%	12.71%	

In an effort to measure our administration costs against industry standards we compare our corporate administration costs against total revenue. This measure of operating efficiency is a standard industry ratio and allows easy comparison against both industry standards ranges and individual publicly traded companies.

The last industry comparison, completed late in 2012, confirms Innovation Place performs at the efficient end of the industry average range (4% to 31%) for companies its size.

The corporation continues to identify and implement efficiencies as well as manage full time equivalents. In 2014, all employees will receive Lean training to help foster new efficiencies.

Measure	2012 Actual	2013 Target	2013 Actual	2014 Target	2015	2016	Indicator
15 Building operating cash flow per square foot	\$12.48* Restated	\$12.84* Restated	\$12.53	\$12.24	\$14.12	\$14.15	

Building operating costs (utilities, taxes, insurance, maintenance and property management fees) are subtracted from total rental revenue. The remaining total is divided by the gross area of all Innovation Place buildings. The net dollar amount per square foot measures both the efficiency level of building operating costs and the success in revenue maximization. The measure can be compared to the local market where information is available; however, many landlords prefer not to share information on their net cash flow.


IN 2013, THE BOILERS AT INNOVATION PLACE IN SASKATOON PRODUCED 125,000 GIGAJOULES OF HEAT ENERGY. THIS IS ENOUGH TO HEAT THE EQUIVALENT OF 1390 AVERAGE CANADIAN HOMES FOR A YEAR. IN TOTAL, THE BOILERS HAVE THE CAPACITY TO HEAT 1772 AVERAGE CANADIAN HOMES PER YEAR (150,000 GIGAJOULES).

* restated for comparison purposes

Innovation

Through our efforts and by the example we set, enhance the performance of our industry, our environment and the people we serve.

Sustainability

Measure	2012 Actual	2013 Target	2013 Actual	2014 Target	2015	2016	Indicator
16 Attain 'BOMA BEST' average points per building	841	842	835	837	835	835	

The Building Owners and Managers Association (BOMA) is the dominant Canadian and international industry association for building owners. BOMA Canada has instituted a process by which the environmental impact of buildings can be measured and compared against the performance of buildings across Canada. BOMA BEST measures the sustainability of building operations including waste management, energy and water usage.

Due to changes to the rating system in 2013 the BOMA BEST ratings were lower than anticipated, however, management achieved significant reductions in energy consumption through its building re-commissioning program.

Only approximately 20% of all buildings rated in Canada receive a rating above 800.

OUTLOOK

2014 Budget

Net Income	\$2.8M
Total Assets	\$192.9M
Total Debt	\$36.7M
Operating Cash Flow	\$12.6M
Total Capital Investment	\$8.4M

From a financial perspective, the projected net result for 2014 are comparable to the actual results for 2013 with net income projected to increase by \$0.4 million. With the expected vacancy of a few tenants in 2014 and the anticipated transfer of Bio Processing Centre operations to a third party in 2014, total revenue is budgeted to decrease by \$0.6 million. The impact is offset by a budgeted decrease in total expenses of \$0.9 million.

The \$8.4 million capital budget for 2014 reflects management's continued focus on maintaining current buildings and infrastructure. The capital plan does not include any new development.

In addition to the \$2.1 million of debt servicing requirements, a \$2.5 million dividend is budgeted for 2014. All investing and financing activities are expected to be sourced from operating cash flow; no new debt is budgeted for 2014.

\$5.5M WAS INVESTED IN
CAPITAL ASSETS IN 2013

Although vacancy is expected to remain low, a slight increase is expected for 2014 resulting in decreases in total employees within Innovation Place parks and an increase in inventory to meet demand. In 2014 management will continue to be focused on ensuring the parks have the appropriate tenant mix; encouraging tenants whose cluster fit is not clear to relocate outside of the parks and utilizing vacancy to accommodate cluster tenants need for growth and to attract new tenants. Management will continue to review tenant mix within the constraints of lease terms and ensure an optimal tenant mix exists. Additional expansion space options will be required in the future to address growth needs of existing and new tenants.

Management expects stakeholder satisfaction to remain stable as the parks are properly maintained and events are held to support the social atmosphere. The continued focus on employee training is expected to maintain high employee engagement.

RISK

Innovation Place is in compliance with Crown Investments Corporation's Risk Management Minimum Standards Policy. The corporation has a Risk Management Framework which outlines its risk policy, stakeholders, principles and processes. Innovation Place has implemented a system to assist management with risk identification, assessment, documentation and reporting. Senior management has been trained on the concepts and components of the risk management system and the system has been updated to include corporate and departmental risks. Executive Committee and the SOCO Board of Directors receive regular updates and reporting as required. To move the corporation towards becoming a risk intelligent organization, risk management training will be provided to all other employees in 2014.

Management is effectively managing the corporation's key risks. The corporation's key risk indicator, inventory available to meet demand, is a measure on the balanced scorecard and is actively managed. The key risks as identified through the risk management process in 2013 were considered in the development of 2014 department plans and budgets.

Innovation Place considers risks as those factors that may inhibit the ability to meet the corporate mission as measured by the strategic objectives outlined in our Performance Management Plan.

The following legends are used to define the likelihood and impact related to each risk as identified in the table:

Likelihood

Management has defined the likelihood of a risk event occurring as low (less than 25% likelihood), medium (between 25% and 75% likelihood) and high (greater than 75% likelihood).

Impact

Innovation Place has currently defined the impact of a risk event as follows:

Personal Property Damage or Liability	Minor	First aid treatment Loss of asset < \$100K Temporary environmental effect
	Moderate	Serious Injury Loss of Asset(s) \$100K to \$1M Some environmental damage
	Severe	Death Loss of major asset > \$1M Serious environmental damage
Cost, Schedule or Operations Effects	Minor	< \$100K capital cost variance < 3 months construction delay Operating cash flow variance +/- < 5%
	Moderate	\$100K to \$250K capital cost variance 3 to 6 months construction delay Operating cash flow variance +/- > 5% and < 25%
	Severe	> \$500K capital cost variance > 6 months construction delay Operating cash flow variance +/- > 25%
Performance or Reputational Loss	Minor	Setback in building trust in tenant group Some unfavourable media attention
	Moderate	Some loss of tenant group trust Negative media attention
	Severe	Failure of acceptance Significant loss of tenant trust Public outcry for resignation / policy change

Key Risk Factors Affecting Performance

Management has identified and discussed the top corporate risks with our Board of Directors. The primary risk of the corporation is the potential that a lack of space will restrict the growth of existing tenants and the establishment of new tenants. As the likelihood and impact of this risk increases it directly affects our ability to fulfill our mission and potentially decreases the value of the parks by eroding existing clusters if key strategic tenants exit the parks. Management is actively working to rationalize existing space and tenants to support the most important tenants. However, the speed to which some of the solutions can be implemented may be slow due to the length of existing tenant leases.

Under utilization of the Bio Processing Centre also continues to be managed. The volatile demand for services and the fixed expenses results in fluctuating financial results. Management has addressed this risk by considering the transfer of Bio Processing Centre operations to a third party in 2014.

In the past, construction costs have represented a significant risk as the cost of a new building is a significant component of how affordable and profitable the building will be. The hold on new building development has limited this risk to building renovations and provided management with the opportunity to focus on building maintenance. As such, the development of an asset management plan has identified the need for increased maintenance capital to ensure existing assets extend their useful life and retain value to support lease rates, which will also be impacted by higher construction costs. As buildings age and the amount of maintenance increases this risk will become more of a concern and management will develop strategies to address maintenance plans and related costs.

2 RESEARCH DRIVE IN REGINA IS SO ENERGY EFFICIENT THAT HEAT CAPTURED FROM THE PEOPLE, COMPUTERS AND THE HEAT-PUMP COOLING SYSTEM PROVIDE ENOUGH HEAT THE BOILERS DON'T NEED TO BE USED TO HEAT FRESH AIR BEING BROUGHT IN FROM OUTSIDE UNTIL THE OUTSIDE TEMPERATURE GOES BELOW -17°C

ACCOUNTABILITY AND CONTROLS

External Audit

The Corporation's annual financial statements are audited by an independent auditor. The external auditor is appointed by Order In Council, with the appointment typically reviewed every five years. Virtus Group LLP has been appointment for a five year term that will commence for the year ending December 31, 2013.

The Provincial Auditor Act gives the Provincial Auditor the responsibility, authority and independence to audit and publicly report on all government organizations. As such, the external auditor coordinates the involvement of the Provincial Auditor in the corporation's audit. The coordination of the audit is conducted in accordance with the recommendation of the Task Force on the Roles, Responsibilities and Duties of Auditors, which recommends various protocols.

Internal Audit

In June 2006, an internal audit function was established at Crown Investments Corporation to assist in providing an independent, objective view of the effectiveness of internal controls for Crown corporations who do not have the resources to support an internal audit department.

The internal audit employees are employed by Crown Investments Corporation and their offices are also located there. An Internal Audit Charter was presented to the Audit and Finance Committee and subsequently approved by the Board of Directors on August 27, 2008. The Charter outlines the purpose, authority, reporting structure and responsibilities of internal audit activity.



The Terrace, 10 Research Drive, Regina

CORPORATE GOVERNANCE

BOARD OF DIRECTORS

as at March 31, 2014

Honourable Carol Skelton, PC

Chair

Carol Skelton was born in Biggar, Saskatchewan and is well respected for the service she has provided to Saskatchewan residents. After starting a career away from the farm she worked with Avon Canada and quickly became a top District Manager. She then worked as sales and account representative for several radio stations, where she focused on business development and account management. Carol then worked for the Canadian Red Cross Society as a Community Services Coordinator and then moved to Canadian Blood Services to work in rural community development. Recently Carol joined Martin Charlton Communications as a Senior Associate.

In 2000, Carol was elected as the Member of Parliament for Saskatoon-Rosetown-Biggar and re-elected twice after. She was the Deputy Leader in Opposition and in Government she was Minister of National Revenue, Minister of Western Economic Diversification and Political Minister for Saskatchewan – all at the same time. She was also a member of the Treasury Board, Operations Cabinet Committee, Social Affairs Cabinet Committee and the House of Commons Board of Internal Economy. While in office, Carol also devoted considerable attention to agricultural, aboriginal, public health and disability issues.

In 2008, she chose not to seek re-election. She was appointed to the Security Intelligence Review Committee (SIRC) by the Federal Government but retired in the summer of 2012 from her position as Interim Chair of the committee.

In Saskatchewan, she has held Board positions with the Saskatchewan Research Council, the Health Minister's Advisory Committee on Alcohol, Drugs and Youth, the Saskatchewan Alcohol and Drug Abuse Commission, Tourism Saskatoon, Saskatoon City Hospital, The Child Welfare Review Panel and Information Services Corporation. This spring Carol was appointed chair of Saskatchewan Opportunities Corporation.

She sits as a member of the Executive Cabinet for the Canadian Red Cross in Saskatchewan, was also a long-serving volunteer with the Canadian 4-H Council and is a strong supporter of the Canadian Cancer Society and Heart and Stroke Foundation.

With her husband Noel, they operated Skelton Farms for more than 45 years. Together they have three children and five grandchildren.

Mark Regier

Vice Chair and Chair, Audit & Finance Committee

Mark Regier has been with Saskatoon Prairieland Park Corporation for the past 23 years, 6 years as Controller and 17 years as Chief Executive Officer. He has received a Certified Fair Executive Designation from the International Association of Fairs & Exhibitions for his work in the fair industry. Mark is past President of the Canadian Association of Fairs & Exhibitions and past Chair of Tourism Saskatoon. He holds a Bachelor of Commerce degree from the University of Saskatchewan and is a Certified Management Accountant (CMA). Mark has successfully completed the Directors College accredited corporate director development program and holds a Chartered Director designation.

John Schmeiser

Chair, Human Resources & Governance Committee

John Schmeiser is the Executive Vice President and Chief Executive Officer of the Canada West Equipment Dealers Association, a role that he has held since 1996. John also serves as the Vice President of Canadian Government Affairs for the North American Equipment Dealers Association. He has been the Treasurer of the Canada Equipment Dealers Foundation since 1998, is the Chair of the Finance Committee for the Olds College Centennial Governance Board and is a Director of IRON Inc. He is Past Chairman of the Board for IRON Solutions L.L.C. and Past President of the North American Equipment Association Executives. John is a graduate of the University of Saskatchewan, the University of Arizona and Western Academy Broadcasting College. John has successfully completed the Directors College accredited corporate director development program and holds a Chartered Director designation.

Bev Dubois

Bev Dubois is a successful Businesswoman and is a graduate of the University of Saskatchewan. She is Vice President of Operations for Canadian Digital Network Limited (CDN) a Saskatchewan digital media company which operates in Western Canada. Bev has served as CEO of the Meewasin Foundation, Manager of Investor Relations for the Saskatoon Regional Economic Development Authority as well as Marketing Manager for Ernest & Young Chartered Accountants.

Bev is a results-oriented community leader and advocate, with multiple years on various boards, and commissions helping organizations grow their profiles and achieve their goals. Bev is an experienced corporate board member with years of experience on local, provincial and national boards and commissions on topics ranging from justice to literacy to urban development. Bev has senior leadership experience in marketing, community relations, stakeholder relations, business development and lobbying.

Bev was a nine year elected government official with an understanding of how government works at the civic level, as well as the provincial and federal levels. She was one of 4 Canadians invited to speak and represent Canada in Spain for a world conference on transportation. She also represented Canada and presented at the World Women's Congress in Ottawa.

Bev was the recipient of the Queen Elizabeth II Diamond Jubilee Medal, the 3rd medal for community service Bev has received over the years. Bev was born and raised in Saskatoon and has chosen to stay in Saskatoon and Saskatchewan to live, work and raise a family.

Shauna Fjaagesund

Shauna Fjaagesund is a self employed entrepreneur from southwest Saskatchewan. She recently finished her term as the President of the Swift Current & District Chamber of Commerce. Shauna owns and manages residential housing and commercial farmland properties and has prior experience as a financial consultant, small business owner and biotech laboratory worker. Shauna has successfully completed the Directors College accredited corporate director development program and holds a Chartered Director designation.

Alison Green

Alison has been a Director on the SOCO Board and member of the Audit & Finance Committee since March 2013. She is a Regina native, completing her Bachelor of Administration degree and CMA designation through the University of Regina. She enjoys a career in finance, having worked in the energy sector, banking industry and as a tax specialist. She has recently started her own venture as a Mortgage Specialist, offering mortgage advice and products through The Mortgage Centre – Design Mortgages.

In her volunteer life, Alison has been a Rotarian for over 16 years and worked on the Board of CNIB from 1998 to 2010, both on the Division Board and the National Board (2003-07). Her favourite sports are football, golf and cycling. She is a long time Rider season ticket holder and a member of the Wascana Golf & Country Club.

Julie Wriston

Julie Ann Wriston is the CEO of Pinehouse Business North, a Northern owned and operated company specializing in construction and labour services for the mining industry. Combined with Julie Ann's past experience at Westcap Management and the Métis Nation – Saskatchewan, she has gained valuable expertise in developing effective governance structures, strategic planning and information sharing and inclusion at the community level.

Ms. Wriston is dedicated to creating a business environment that will attract opportunities to build sustainable growth and economic advancement for the Northern Village of Pinehouse and other Métis and First Nations communities. A proud Métis woman from Saskatchewan, Julie Ann majored in psychology at the University of Saskatchewan, and holds a Business Communications diploma with distinction from SIAST and is currently finishing her MBA.

In the community, Julie Ann has served on the City of Saskatoon's Urban Aboriginal Grant Committee, the Saskatoon Chamber of Commerce Aboriginal Opportunities Committee and the Affinity Credit Union District Council. She has been a Board Member of the Saskatchewan Opportunities Corporation since 2013.

Julie Ann and her husband Jay have two children and enjoy spending their free time traveling and enjoying the outdoors at their lake property.

Stephanie Yong

Stephanie Yong is the Director of the W. Brett Wilson Centre for Entrepreneurial Excellence at the University of Saskatchewan, a university centre designed to help grow the next generation of entrepreneurs.

Originally from Saskatoon, Stephanie has both a Bachelor of Arts in Political Science and an MBA from the University of Saskatchewan. Stephanie has used her experience as a business strategist, an entrepreneur and a university lecturer to build her enterprise networks, stimulate awareness and recognition of the current entrepreneurial trends, and develop experiential programs to further enhance the entrepreneurship agenda. An entrepreneur herself, she currently works at the Wilson Centre, offering programs to help students create feasible and sustainable businesses. Stephanie is also a lecturer at the Edwards School of Business, with a strong focus on entrepreneurship and evaluation of business ventures.

In addition to serving on the board of the Saskatchewan Opportunities Corporation, Stephanie serves on a number of other boards and committees including the Saskatchewan Young Professionals and Entrepreneurs (SYPE), Startup Canada and the Kolo Project. Stephanie is committed to supporting the innovation and growth in the entrepreneurial sector of the economy.

Tanya Thome

Secretary to the Board of Directors

CORPORATE OFFICERS

as at March 31, 2014

Van Isman

Interim President and Chief Executive Officer

Van Isman is the Interim President and Chief Executive Office of the Saskatchewan Opportunities Corporation (SOCO), as well as Vice-President, Special Projects with the Crown Investment Corporation of Saskatchewan (CIC).

Van holds a BA and an MBA from the University of Saskatchewan. He worked in his family's business for fourteen years, during which time he also successfully started three other business ventures. In 1992, Van Isman joined SIAST to develop an entrepreneurship initiative, and was subsequently assigned responsibility for all business programs delivered in Regina. In 1996, he joined Saskatchewan Economic Development and was appointed Executive Director responsible for small business, community economic development and co-operatives. In 2004, Van assumed the role of CEO of Wascana Centre Authority.

In late 2007, Van was recruited to rejoin Government as a Deputy Minister, initially responsible for the Ministry of Tourism, Parks, Culture and Sport, and subsequently for the Ministry of Municipal Affairs and the Office of the Provincial Secretary. In 2012, Van moved to CIC in his current capacity as Vice-President, Special Projects, and was assigned to be the Interim President and CEO of SOCO in October 2013.

Charlene Callander

Vice President and Chief Financial Officer

Charlene Callander has held the position of Vice President and Chief Financial Officer for Innovation Place since 2006. Charlene joined Innovation Place in 2001 as the Corporate Comptroller. Prior to joining Innovation Place, Charlene worked for the Provincial Auditor of Saskatchewan and worked as Assistant Director of the Integrated Financial Services Unit at Saskatchewan Health. An active member of her community, Charlene serves on the Board of the Saskatchewan Volleyball Association as President. She holds a Bachelor of Administration designation from the University of Regina and is a Chartered Accountant.

Ken Loeppky

Vice President and Chief Operating Officer

Ken Loeppky has held the position of Vice President and Chief Operating Officer for Innovation Place since 2008. Ken joined Innovation Place in 2000 as the General Manager of the Regina park. Ken has held executive board of director roles in the past with provincial, national and international real estate associations and is actively involved with the Real Estate Institute of Canada (REIC) as the Chair of the Professional Standards Committee, and a member of the Journal of Property Management Editorial Advisory Board concurrently with his membership on the Institute of Real Estate Management (IREM) Education and Knowledge Products Committee. Ken has volunteered at many levels in the local community; currently his volunteer focus is on the Kidney Foundation of Saskatchewan and baseball in Regina.

AUTHORITY

Saskatchewan Opportunities Corporation (SOCO or the Corporation) is a Crown corporation governed by *The Saskatchewan Opportunities Corporation Act*, and subject to the provisions of *The Crown Investments Corporation Act, 1993*. The Crown Investments Corporation (CIC) oversees and manages a governance framework for SOCO that provides strategic direction and performance management and financial reporting. SOCO conducts its business under the operating name of Innovation Place.

Through the Chair, who is an independent director, the SOCO Board of Directors is accountable to the Minister Responsible for SOCO. The Minister functions as the key communications link between SOCO, CIC, Cabinet, the Legislature and the public.

CORPORATE GOVERNANCE PRACTICES

Crown Investments Corporation Chairs Forum has requested that Saskatchewan Crown corporations use the Canadian Securities Administrators (CSA) Corporate Governance Guidelines and Governance Disclosure Rules to standardize the reporting and benchmarking of governance practices. The CSA guidelines have superseded the Toronto Stock Exchange guidelines previously used.

INDEPENDENCE

The matter of "independence from management" is based upon the definition set by the Canadian Securities Administrators (CSA) and utilized by publicly traded companies in the industry. None of the directors have worked with or for SOCO, or have direct material contracts or relationships with the Corporation, or have received remuneration from the Corporation in excess of the fees and compensation as directors and committee members or as directors of subsidiaries of the Corporation. While having no personal connections to SOCO, Stephanie Yong is employed by the University of Saskatchewan, which has a land lease with SOCO and at times is involved in other business arrangements with SOCO. Whenever issues concerning the University arise in Board meetings, this member declares her potential conflict and absents herself if the Board judges a conflict to exist.

In addition to an annual declaration of any conflicts of interest, each Board and Committee meeting has a standing agenda item to allow directors to declare any conflict of interests and an in-camera session is held without management present.

KEY ACCOUNTABILITIES

The Board has a written Terms of Reference* that outlines the Board's principal duties and responsibilities, including the responsibility to function as stewards of the Corporation and to oversee the management of the affairs and business of the Corporation.

The Board discharges its responsibilities by delegation to management and through committees of the Board. The Board focuses on the strategic leadership of the Corporation while day to day operations are delegated to management, who is then held accountable for the Corporation's performance.

The Board has two committees: the Audit and Finance Committee and the Human Resources and Governance Committee. Both committees have written Terms of Reference* and have access to outside professional advisors if necessary.

Audit and Finance Committee

Members:

Mark Regier, Chair
Stephanie Yong
Alison Green
Bev Dubois
Carol Skelton (ex-officio)

The Audit and Finance Committee is responsible for ensuring the adequacy and effectiveness of financial reporting by reviewing and recommending approval by the Board of all policies and procedures regarding SOCO's financial reporting, internal accounting, internal controls, management information, risk management and the internal and external audit.

Human Resources and Governance Committee

Members:

John Schmeiser, Chair
Shauna Fjaagesund
Julie Wriston
Carol Skelton (ex-officio)

The Human Resources and Governance Committee is responsible for overseeing SOCO's human resource and governance processes and the quality of its corporate governance and reporting to the Board. The Committee undertakes deliberative and policy work on behalf of the Board and recommends decisions on all aspects of governance to the Board, when these decisions exceed delegated authority levels of management.

* The following documents are available on the SOCO website at www.soco.sk.ca:
Board of Directors Terms of Reference, Human Resources and Governance Committee Terms of Reference
and Audit and Finance Committee Terms of Reference

BOARD APPOINTMENTS

The Lieutenant Governor in Council appoints members of the Board and designates the Chair. Directors are appointed for a fixed term and their appointments can be renewed at expiry. Appointments are governed by the CIC Board of Directors Appointment Policy, which ensures adherence to the principles of objectivity, inclusivity, transparency and consistency.

The Board, through the Human Resources and Governance Committee, annually reviews the composition and skill sets of directors to maintain an appropriate mix of expertise, experience and diversity on the Board to support the strategic direction of the Corporation.

CONFLICT OF INTEREST / CODE OF CONDUCT

Board members must comply with the CIC Directors' Code of Conduct** that was developed by CIC and applies to the directors of all its subsidiary Crown boards.

Officers and employees of the Corporation must comply with SOCO's Code of Conduct, which includes a conflict of interest and a whistleblower policy. All employees, including Corporate Officers, are required to annually sign a declaration of compliance with key policy and procedure guidelines.

ORIENTATION AND CONTINUING EDUCATION

Management provides comprehensive reference material to each Board member and provides new members with an orientation session detailing the nature of SOCO's business. Management provides the directors with information sessions on technical aspects of the Corporation's business. The Board also participates in annual strategic planning sessions.

CIC provides annual professional development opportunities for directors of CIC subsidiary Crown boards, which focuses on the key roles and responsibilities of boards and best practices in corporate governance.

** A copy of the Directors' Code of Conduct can be obtained by contacting Crown Investments Corporation

BOARD OF DIRECTORS MEETINGS

There were eight Board meetings held in 2013. Documentation and information for discussion and decisions at the meetings is provided by Management to the Board at least seven days in advance of each meeting.

Attendance

	Board of Directors Meeting Dates							
	Mar. 13	Mar. 14	May 14	Aug. 23	Oct. 16	Nov. 4	Dec. 3	Dec. 17
Carol Skelton, Chair	●	●	●	●	●	●	●	●
Mark Regier	●	●	●	●	●	●	●	●
John Schmeiser	●	●	●	●	●	●	●	●
Shauna Fjaagesund	●	●	●	●	●	●	●	●
Stephanie Yong	●	●	●	●	●	●	●	●
Alison Green	●	●	●	●	●	●	●	●
Julie Wriston	●	●	●	●	●	●	●	●
Bev Dubois			●	●	●	●	●	●

BOARD OF DIRECTORS TENURE AND REMUNERATION

Director	Position	Tenure	Remuneration Paid as of December 31, 2013
Carol Skelton	Chair	February 14 to December 31, 2013	\$22,431
Mark Regier	Vice Chair	January 1 to December 31, 2013	19,850
Bev Dubois	Member	May 8 to December 31, 2013	11,677
Shauna Fjaagesund	Member	January 1 to December 31, 2013	17,250
Alison Green	Member	February 14 to December 31, 2013	15,864
John Schmeiser	Member	January 1 to December 31, 2013	18,600
Julie Wriston	Member	February 14 to December 31, 2013	13,264
Stephanie Yong	Member	February 14 to December 31, 2013	14,564
Arlene Wiks	Chair	January 1 to February 13, 2013	2,444
David Button	Member	January 1 to February 13, 2013	1,711
Richard Florizone	Member	January 1 to January 31, 2013	1,167
			2013 Total: \$138,822

The Remuneration Schedule and Expense Guidelines for the Board of Directors are approved by the Crown Management Board (effective January 1, 2013) and set out as follows:

\$20,000	Annual	Board Chair Retainer
\$14,000	Annual	Board Member Retainer
\$2,600	Annual	Audit & Finance Committee Chair Retainer
\$2,000	Annual	Human Resource and Governance Committee Chair Retainer
\$650	Full Day	Committee Meeting Fee
\$325	Half Day	Committee Meeting Fee

MANAGEMENT REMUNERATION

The Corporate Officers are compensated in accordance with CIC's Crown Executive Compensation Policy, Procedures and Guidelines.

The Crown sector is committed to a "total compensation" perspective, which includes a base salary, benefits and pension, and a short term incentive program. The short term incentive payments are based on a combination of corporate objectives and personal objectives. The corporate objectives are approved by the Board of Directors and represent 75% of the available incentive payments for Vice Presidents and 85% for the President.

In 2013 the total compensation paid to the Corporate Officers was \$612,223.

MANAGEMENT'S RESPONSIBILITY AND CERTIFICATION

The preparation and presentation of the accompanying consolidated financial statements of Saskatchewan Opportunities Corporation are the responsibility of and have been prepared by corporate management in accordance with International Financial Reporting Standards. These consolidated financial statements necessarily include amounts based on informed judgment and management's estimates. Financial information presented elsewhere in this annual report is consistent with that in the financial statements.

Management is also responsible for establishing and maintaining adequate internal control over financial reporting and has assessed the effectiveness of those controls as of December 31, 2013. Based on this evaluation management concludes the following:

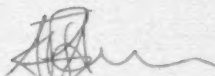
I, Van Isman, the Interim Chief Executive Officer of Saskatchewan Opportunities Corporation, and I, Charlene Callander, the Chief Financial Officer of Saskatchewan Opportunities Corporation, certify:

- that we have reviewed the financial statements included in the Annual Report of Saskatchewan Opportunities Corporation. Based on our knowledge, having exercised reasonable diligence, the financial statements included in the Annual Report, fairly present, in all material respects the financial position, results of operations and cash flows, as of December 31, 2013;
- that based on our knowledge, having exercised reasonable diligence, the financial statements included in the Annual Report of Saskatchewan Opportunities Corporation do not contain any untrue statements of material fact, or omit to state a material fact that is either required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made;
- that Saskatchewan Opportunities Corporation is responsible for establishing and maintaining effective internal control over financial reporting, which includes safeguarding of assets and compliance with applicable legislative authorities; and Saskatchewan Opportunities Corporation has designed internal controls over financial reporting that are appropriate to the circumstances of Saskatchewan Opportunities Corporation; and
- that Saskatchewan Opportunities Corporation conducted its assessment of the effectiveness of the Corporation's internal controls over financial reporting and, based on the results of this assessment, Saskatchewan Opportunities Corporation can provide reasonable assurance that internal controls over financial reporting as of December 31, 2013 were operating effectively and no material weaknesses were found in the design or operation of the internal controls over financial reporting.

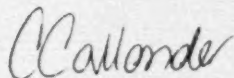
The Corporation's independent auditor, Virtus Group LLP, have been appointed external auditor by Lieutenant Governor in Council and approved by Crown Investments Corporation of Saskatchewan. Virtus Group LLP has examined the financial statements of Saskatchewan Opportunities Corporation. The scope of their examination and their opinion on whether these financial statements present fairly the financial position and operating results of Saskatchewan Opportunities Corporation are given in their Auditor's Report.

In an effort to discharge its statutory responsibilities which are outlined in *The Provincial Auditor Act*, the Provincial Auditor relies on the work of Virtus Group LLP. The Provincial Auditor and Virtus Group LLP work together at all stages of the audit. The Provincial Auditor is responsible to report to the Legislative Assembly an opinion on the effectiveness of internal controls, compliance with governing authorities and the reliability of the financial statements.

The Audit and Finance Committee, composed of members of the Board of Directors, meets periodically with the financial officers of the Corporation, the external auditor and the Provincial Auditor to discuss the audit plan, audit results and the opinion on the adequacy of the financial reporting, corresponding internal controls and compliance with governing authorities. Both Virtus Group LLP and the Provincial Auditor have the opportunity to meet with the Audit and Finance Committee without management present. The Audit and Finance Committee has reviewed these financial statements with management and the auditor. The Audit and Finance Committee recommended the Board approve these financial statements. The Board of Directors has reviewed and approved these financial statements.



Van Isman
Interim President and Chief Executive Officer



Charlene Callander
Vice President and Chief Financial Officer

INDEPENDENT AUDITORS' REPORT

To the Members of the Legislative Assembly, Province of Saskatchewan,

We have audited the accompanying consolidated financial statements of Saskatchewan Opportunities Corporation (operating as Innovation Place) and its subsidiary, which comprise the consolidated statement of financial position as at December 31, 2013, and the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Corporation's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

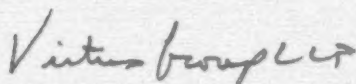
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Saskatchewan Opportunities Corporation and its subsidiary as at December 31, 2013 and their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

Other Matter

The financial statements of Saskatchewan Opportunities Corporation for the year ended December 31, 2012, were audited by another auditor who expressed an unmodified opinion on those statements on March 14, 2013.



Chartered Accountants

March 3, 2014

Regina, Saskatchewan

FINANCIAL REPORT



CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

in thousands

	Note	Year ended December 31, 2013	Year ended December 31, 2012
REVENUE			
Rental		\$ 40,094	\$ 38,762
Bio Processing		1,161	1,754
Other		204	310
		<u>41,459</u>	<u>40,826</u>
EXPENSES			
Administration		5,941	5,335
Rental operations		29,609	27,900
Bio Processing operations		1,793	1,735
		<u>37,343</u>	<u>34,970</u>
RESULTS BEFORE THE FOLLOWING		<u>4,116</u>	<u>5,856</u>
Finance income	4	62	154
Finance expenses	4	(1,740)	(1,740)
NET FINANCE INCOME (EXPENSE)		<u>(1,678)</u>	<u>(1,586)</u>
NET INCOME AND TOTAL COMPREHENSIVE INCOME		<u>\$ 2,438</u>	<u>\$ 4,270</u>

(see accompanying notes)

On behalf of the Board,

Carol Skelton
Carol Skelton
Board Chair

MR
Mark Regier
Chair, Audit and Finance Committee

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

In thousands

	Note	At December 31, 2013	At December 31, 2012
ASSETS			
Current			
Cash and cash equivalents	5	\$ 11,312	\$ 8,925
Trade and other receivables	6	1,624	1,776
Inventory		203	166
Prepaid expenses		54	43
		13,193	10,910
Trade and other receivables	6	1,372	1,268
Property, plant and equipment	7	2,986	2,833
Investment property	8	173,128	175,694
Debt retirement fund	9	1,676	1,370
Other assets	10	1,303	962
		\$ 193,658	\$ 193,037
LIABILITIES AND PROVINCE'S EQUITY			
Current			
Trade and other payables	11,12	\$ 5,422	\$ 4,485
Dividends payable		—	741
Deferred revenue		538	875
		5,960	6,101
Long term debt	13	36,684	36,684
		42,644	42,785
PROVINCE OF SASKATCHEWAN'S EQUITY			
Retained earnings		120,687	120,687
Equity advances	14	151,014	150,252
		\$ 193,658	\$ 193,037

(see accompanying notes)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

In thousands

	Equity Advances	Retained Earnings	Total Equity
BALANCE AT DECEMBER 31, 2011	\$ 120,687	\$ 28,092	\$ 148,779
Net income and total comprehensive income	—	4,270	4,270
Dividends	—	(2,797)	(2,797)
BALANCE AT DECEMBER 31, 2012	120,687	29,565	150,252
Net income and total comprehensive income	—	2,438	2,438
Dividends		(1,676)	(1,676)
BALANCE AT DECEMBER 31, 2013	\$ 120,687	\$ 30,327	\$ 151,014

(see accompanying notes)

CONSOLIDATED STATEMENT OF CASH FLOWS

in thousands

	Note	Year ended December 31, 2013	Year ended December 31, 2012
OPERATING ACTIVITIES			
Net income		\$ 2,438	\$ 4,270
Non-cash adjustments:			
Amortization of property, plant and equipment		435	439
Amortization of investment property		7,515	7,372
Finance income	4	(62)	(154)
Finance expense	4	1,740	1,740
		12,066	13,667
Working capital adjustments:			
Trade and other receivables		70	688
Inventory		(37)	60
Prepaid expenses		(11)	(37)
Trade and other payables		937	(329)
Deferred revenue		(337)	138
Cash provided by operating activities		12,688	14,187
INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(588)	(602)
Purchase of investment property		(4,949)	(8,277)
Interest received		123	118
Increase in other assets		(341)	(187)
Cash used in investing activities		(5,755)	(8,948)
FINANCING ACTIVITIES			
Debt retirement fund installments		(367)	(367)
Interest paid		(1,740)	(1,740)
Dividends paid		(2,439)	(2,056)
Cash used in financing activities		(4,546)	(4,163)
NET CHANGE IN CASH AND CASH EQUIVALENTS DURING THE YEAR		2,387	1,076
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR		8,925	7,849
CASH AND CASH EQUIVALENTS, END OF YEAR		\$ 11,312	\$ 8,925

(see accompanying notes)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(in thousands)

1. General Information

Saskatchewan Opportunities Corporation (the "Corporation"), which operates under the brand name of Innovation Place, was incorporated under *The Saskatchewan Opportunities Corporation Act*, which was proclaimed and came into force in 1994. The Corporation is an agent of Her Majesty in Right of the Province of Saskatchewan and has been designated a subsidiary of Crown Investments Corporation (CIC), a provincial Crown corporation. The financial results of the Corporation are included in the consolidated financial statements of CIC. As a provincial Crown corporation, the Corporation is subject to neither federal nor provincial income tax.

The Corporation's mandate is to create, encourage and facilitate business opportunities in the Saskatchewan technology sector, primarily through the development and operation of science and technology parks.

The Corporation's head office is located at 114 – 15 Innovation Boulevard in Saskatoon, Saskatchewan.

2. Basis of Preparation

a) Statement of compliance

These consolidated financial statements, including comparatives, have been prepared in accordance with International Financial Reporting Standards (IFRS).

The consolidated statements were authorized for issue by the Board of Directors on March 3, 2014.

b) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments designated as fair value through profit and loss which are measured at fair value.

c) Functional and presentation currency

These consolidated financial statements are presented in Canadian Dollars, which is the Corporation's functional currency. All financial information presented in Canadian dollars has been rounded to the nearest thousand.

d) Use of estimates and judgments

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Significant items subject to estimates and assumptions include the carrying amounts of property, plant and equipment, and investment property, and the underlying estimations of useful lives, capitalization of interest, disposal of long-lived assets, asset retirement obligations, and labour and directly attributable overhead; provision for unpaid claims; the carrying amounts of accounts receivable, inventory and investments.

Areas of judgments in applying accounting policies that have the most effect on the amounts recognized in the consolidated financial statements include the accounting for special purpose entities and the determination of cash generating units.

e) New standards and interpretations adopted

Effective January 1, 2013, the Corporation adopted the following new and amended standards:

IFRS 10, *Consolidated Financial Statements*
 IFRS 11, *Joint Arrangements*
 IFRS 12, *Disclosure of Interests in Other Entities*
 IFRS 13, *Fair Value Measurement*
 IAS 19, *Employee Benefits*
 IAS 27, *Separate Financial Statements*
 IAS 28, *Investments in Associates and Joint Ventures*

The impact on adoption of these standards was not material.

f) New standards and interpretations not yet adopted

IFRS 9, *Financial Instruments* was issued by the IASB on November 12, 2009 and will replace IAS 39, *Financial Instruments: Recognition and Measurement*. The standards are to be applied prospectively. The IASB has deferred finalization of IFRS 9 indefinitely, and therefore, an effective date is not known at this time.

3. Significant Accounting Policies

a) Basis of consolidation

These consolidated financial statements include the accounts of the Corporation and 212822 Saskatchewan Ltd. (operating as Boffins) with all significant inter-company transactions and balances, revenues and expenses being eliminated. Boffins provides food and event services at the research park in Saskatoon.

The adoption of IFRS 10, *Consolidated Financial Statements*, did not result in any change to the accounting for Boffins. The Corporation is assumed to have control over Boffins as it has control over strategic decision making as well as the day to day management. The Corporation also has an obligation to absorb the losses of Boffins and is the beneficiary of variable returns.

Separate audited financial statements are prepared annually for 212822 Saskatchewan Ltd.

b) Cash and cash equivalents

Cash and cash equivalents include cash at banks and on hand, and short-term investments with an original maturity of three months or less.

c) Inventories

Inventories consist of items held which will be used in the provision of services at the Bio Processing Centre and at the Research Parks.

Inventories are costed using the weighted average cost method and are charged to expenses when utilized.

d) Property, plant and equipment

Property, plant and equipment are recorded at cost less accumulated amortization and any provisions for impairment. Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes materials, services, direct labour and directly attributable overheads. Assets under construction are recorded as in progress until they are operational and available for use, at which time they are transferred to property, plant and equipment.

The costs of maintenance, repairs, renewals or replacements which do not extend productive life are charged to operations as incurred. The costs of replacements and improvements which extend productive life are capitalized.

The cost of replacing part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Corporation and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property, plant and equipment are recognized in profit or loss as incurred.

When property, plant and equipment are disposed of or retired, the related costs and accumulated amortization are eliminated from the accounts. Any resulting gains or losses are reflected in profit or loss.

e) Investment property

Properties held for rental purposes are classified as investment properties and are measured at cost using the same policies as for property, plant and equipment.

f) Amortization

Amortization is recognized on a straight-line basis over the estimated useful life of each component of property plant and equipment and investment property. Amortization commences when the asset is ready for its intended use.

The useful life and depreciation method are reviewed periodically to ensure that the method and period of amortization are consistent with the expected pattern of economic benefit from these assets.

The estimated useful lives of major classes of property plant and equipment are:

Administration	3 - 10 years
Furniture and equipment	3 - 10 years
Processing facility	20 - 40 years

The estimated useful lives of major classes of investment property are:

Buildings	20 - 80 years
Infrastructure	25 - 60 years
Furniture and equipment	3 - 10 years
Leasehold improvements	lease term

g) Impairment of assets

At each reporting date, the Corporation reviews the carrying amount of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent, if any, of the impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the Corporation estimates the recoverable amount of the cash-generating unit to which the asset belongs. Cash generating units are the smallest group of assets that generates cash inflow from continuing use. Corporate assets are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss.

Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed only to the extent that the carrying amount of the asset or cash generating unit does not exceed the carrying amount that would have been determined, net of amortization, if no impairment loss had been recognized.

h) Revenue recognition

The Corporation uses the straight-line method of recognizing rental revenue whereby the total amount of contractual rent to be received from leases is accounted for on a straight-line basis over the term of the lease. Accordingly, deferred rent receivable is recorded for the difference between the straight-line rental revenue recorded and the contractual amount due from tenants.

With the exception of rental revenue, revenue is recognized as services are provided to customers, tenants and clients using the accrual basis of accounting when it is reliably measured and there is probability that the economic benefit will flow to the Corporation.

Amounts received in advance of contract terms are recorded as deferred revenue.

i) Provisions

Provisions for legal claims are recognized when the Corporation has a present legal or constructive obligation as a result of past event, it is probable that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated. Provisions are determined by discounting the expected future cash flows at a rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount on provisions is recognized in profit or loss as finance expense.

j) Financial instruments

The Corporation uses the following categories to classify its financial instruments: fair value through profit or loss, held-to-maturity, loans and receivables, available-for-sale, and other liabilities. All financial instruments are measured at fair value on initial recognition and are recorded on the consolidated statement of financial position. Financial assets and liabilities are offset and the net amount reported on the statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously. Transaction costs are included in the initial carrying amount of financial instruments except for those designated as fair value through profit or loss, in which case they are expensed as incurred. Measurement in subsequent periods depends on the classification of the financial instrument.

Fair value through profit or loss financial assets and liabilities are subsequently measured at fair value, with changes in fair value being recognized in the consolidated statement of operations. Available-for-sale financial assets are subsequently measured at fair value, with changes in fair value being recognized as other comprehensive income. Financial instruments classified as held-to-maturity, loans and receivables, and other liabilities are subsequently measured at amortized cost using the effective interest method, less any impairment.

As at December 31, 2013, the Corporation does not have any outstanding contracts or financial instruments with embedded derivatives that are required to be valued separately.

k) Fair value measurement

The methods and assumptions used to develop fair value measurements have been prioritized into three levels.

Level one – fair values are determined using inputs that are quoted prices (unadjusted) in active markets for identical assets or liabilities to which the Corporation has immediate access.

Level two – fair values are determined using inputs other than quoted prices included in level one that are observable for the asset or liability, either directly or indirectly.

Level three – fair values are determined based on inputs for the asset or liability that are not based on observable market data.

l) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of that asset. Other borrowing costs are expensed in the period incurred.

m) Employee benefits

All employees are members of the Capital Pension Plan, a defined contribution plan administered by CIC. The Corporation's financial obligation is limited to making regular contributions in proportion to employees' earnings. These contributions are charged to profit or loss when due.

Employee entitlements to annual leave are recognized as they are earned by the employees. An accrual, stated at current cost, is made for the estimated liability at period end.

4. Finance Income and Expense

Finance income consists of the following:

	2013	2012
Interest earned on bank balances	\$ 123	\$ 118
Interest earned on debt retirement fund	79	69
Change in fair value of debt retirement fund	(140)	(33)
	<u>\$ 62</u>	<u>\$ 154</u>

Finance expense consists of the following:

	2013	2012
Interest on long term debt	\$ 1,740	\$ 1,740
	<u>\$ 1,740</u>	<u>\$ 1,740</u>

5. Cash and Cash Equivalents

	At December 31, 2013	At December 31, 2012
Cash in bank and on hand	\$ 11,312	\$ 8,925
	<u>\$ 11,312</u>	<u>\$ 8,925</u>

Cash held in bank earns investment income based on a fixed percentage in relation to the floating bank prime rate.

6. Trade and Other Receivables

	At December 31, 2013	At December 31, 2012
Trade receivables, net of allowance	\$ 2,341	\$ 2,521
Accrued receivables	582	441
Work in progress	57	64
Other	16	18
	\$ 2,996	\$ 3,044
Current	1,624	1,776
Non-current	1,372	1,268
	\$ 2,996	\$ 3,044

Work in progress includes unbilled labour and materials for third party projects.

7. Property, Plant and Equipment

	Administration	Processing Facility	Furniture and Equipment	Total
COST				
BALANCE AT DECEMBER 31, 2011	\$ 1,761	\$ 2,132	\$ 3,552	\$ 7,445
Additions	11	12	579	602
BALANCE AT DECEMBER 31, 2012	1,772	2,144	4,131	8,047
Additions	11	(12)	589	588
Disposals	(2)	—	(71)	(73)
BALANCE AT DECEMBER 31, 2013	1,781	2,132	4,649	8,562
ACCUMULATED AMORTIZATION AND IMPAIRMENT LOSSES				
BALANCE AT DECEMBER 31, 2011	1,585	778	2,412	4,775
Amortization	99	56	284	439
BALANCE AT DECEMBER 31, 2012	1,684	834	2,696	5,214
Amortization	41	57	337	435
Disposals	(2)	—	(71)	(73)
BALANCE AT DECEMBER 31, 2013	1,723	891	2,962	5,576
CARRYING AMOUNTS				
Balance at December 31, 2012	\$ 88	\$ 1,310	\$ 1,435	\$ 2,833
Balance at December 31, 2013	\$ 58	\$ 1,241	\$ 1,687	\$ 2,986

8. Investment Property

	Buildings	Land and Infrastructure	Leasehold Improvements	Construction in Progress	Total
COST					
BALANCE AT DECEMBER 31, 2011	\$ 174,204	\$ 53,736	\$ 6,728	\$ 5,087	\$ 239,755
Additions	4,229	6,739	807	(3,498)	8,277
Disposals	(745)	—	—	—	(745)
BALANCE AT DECEMBER 31, 2012	177,688	60,475	7,535	1,589	247,287
Additions	2,534	1,174	762	479	4,949
Disposals	(617)	(1)	(5)	—	(623)
BALANCE AT DECEMBER 31, 2013	179,605	61,648	8,292	2,068	251,613
ACCUMULATED AMORTIZATION AND IMPAIRMENT					
BALANCE AT DECEMBER 31, 2011	45,860	13,082	5,333	691	64,966
Amortization	5,290	1,420	662	—	7,372
Disposals	(745)	—	—	—	(745)
BALANCE AT DECEMBER 31, 2012	50,405	14,502	5,995	691	71,593
Amortization	5,351	1,588	576	—	7,515
Disposals	(617)	(1)	(5)	—	(623)
BALANCE AT DECEMBER 31, 2013	55,139	16,089	6,566	691	78,485
CARRYING AMOUNTS					
Balance at December 31, 2012	\$ 127,283	\$ 45,973	\$ 1,540	\$ 898	\$ 175,694
Balance at December 31, 2013	\$ 124,466	\$ 45,559	\$ 1,726	\$ 1,377	\$ 173,128

The market value of investment property at December 31, 2013 was \$332,000 (December 31, 2012 - \$315,000). The market value is based on internally generated estimates on cash flows of individual properties using capitalization rates in the range of 7.0% to 10.0% applied based on property type and market characteristics which resulted in an overall weighted average cap rate of 7.2%.

The market value estimate is considered level 3 as the majority of inputs are not based on observable market data.

9. Debt Retirement Fund

BALANCE, DECEMBER 31, 2011	\$	967
Installments		367
Earnings		69
Valuation adjustment		(33)
BALANCE, DECEMBER 31, 2012	\$	1,370
Installments		367
Earnings		79
Valuation adjustment		(140)
BALANCE, DECEMBER 31, 2013	\$	1,676

Under conditions attached to the long term debt issues, the Corporation is required to invest an amount equal to one percent of the original debt issue on an annual basis. The investment, in the form of a debt retirement fund, is administered by Saskatchewan's Ministry of Finance. As at December 31, 2013, scheduled debt retirement fund installments due in each of the next five years are as follows:

2014	\$	367
2015		367
2016		367
2017		367
2018		367

10. Other Assets

	At December 31, 2013	At December 31, 2012
Deferred rent receivable	\$ 877	\$ 818
Leasing costs	426	144
	\$ 1,303	\$ 962

11. Trade and Other Payables

	At December 31, 2013	At December 31, 2012
Trade payables	\$ 1,805	\$ 1,419
Interest payable	632	632
Accrued liabilities and other	2,985	2,434
	\$ 5,422	\$ 4,485

12. Provisions

The Corporation continues its discussion with the City of Saskatoon regarding electrical consumption for one building at Innovation Place that was not appropriately metered for the period of 1987 to 2002. The Corporation has accrued a provision which is considered to be a reasonable estimate based on the current facts. For sensitivity reasons, the provision is included with accrued liabilities. The Corporation will account for any difference in the settlement amount in the period in which the issue is resolved.

13. Long Term Debt

	At December 31, 2013	At December 31, 2012
Balance, beginning of year	\$ 36,684	\$ 36,684
Issues during the year	—	—
Repayments	—	—
Balance, end of year	\$ 36,684	\$ 36,684

The Corporation's long term debt balance consists of two CPP Investment Board debt issues with the Province of Saskatchewan.

Date of Issue	Date of Maturity	Effective Interest Rate (%)	Coupon Rate (%)	Outstanding Amount December 31, 2013
July 11, 2008	July 11, 2038	4.71	4.71	\$ 23,684
May 3, 2010	May 3, 2040	4.80	4.80	13,000
				<u>\$ 36,684</u>

There are no scheduled principal debt repayments due in the next five years.

14. Equity Advances

Prior to March 31, 2011, under an operating agreement with the Ministry of Energy and Resources (formerly the Ministry of Industry and Resources), the Corporation leased the majority of its assets from the Ministry of Energy and Resources for a nominal annual amount. Under the terms of this agreement, the Corporation had been assigned all rental revenue generated and was responsible for all costs associated with their operation.

On March 31, 2011, ownership of all of the assets previously leased from the Ministry of Energy and Resources was transferred to the Corporation through Crown Investments Corporation (CIC). The transfer was accounted for at the book value of the assets being transferred and resulted in an equity advance from CIC in the amount of \$120,687.

15. Operating Leases

Operating leases relate to investment property owned by the Corporation. Operating leases generally have terms of one to five years.

Rental income earned from investment property is reported as rental income, and associated operating expenses as rental operations expense, in the Statement of Comprehensive Income.

The future minimum lease payments under non-cancellable operating leases, at December 31, 2013, was as follows:

Within one year	\$ 18,501
After one year but not more than five years	31,163
More than five years	1,190
	<u>\$ 50,854</u>

16. Operating and Administration Expenses

	2013	2012
Employee benefits	\$ 11,761	\$ 11,190
Utilities	4,336	4,013
Grants in lieu of property taxes	3,556	3,404
Amortization	7,950	7,811
Inventory consumed in the provision of services	886	879
Other	8,854	7,673
	<u>\$ 37,343</u>	<u>\$ 34,970</u>

17. Capital Management

The Corporation's capital management objective is to maintain financial viability by effectively managing cash from operations and its capital structure.

The Corporation's capital structure consists of notes payable, long term debt, retained earnings and equity advances.

The Corporation funds its capital requirements through internally generated funds, debt and equity advances. As a Crown corporation, the Corporation receives its debt from the Saskatchewan Ministry of Finance. By legislation, the Corporation cannot have more than \$170 million of debt outstanding at any time. In addition, by Order-in-Council, the Corporation may only have \$50 million of short-term notes outstanding at any time.

The Corporation monitors its capital structure on the basis of the debt ratio. The current long-term debt ratio target is 60%, which is consistent with the prior period. The ratio is calculated as follows:

	At December 31, 2013	At December 31, 2012
Long term debt	\$ 36,684	\$ 36,684
Cash available to repay debt	(9,988)	(7,295)
Total net debt	\$ 26,696	\$ 29,389
Retained earnings	\$ 30,327	\$ 29,565
Equity advances	120,687	120,687
Total equity	\$ 151,014	\$ 150,252
Debt ratio	15.02%	16.36%

Cash available to repay debt reflects cash and debt retirement funds, net of cash required for operations.

The Corporation complied with all externally imposed restrictions on its debt for the period ended December 31, 2013.

18. Commitments

The Corporation has several capital projects under construction. The estimated cost to complete projects under construction is approximately \$1,045.

19. Financial Instruments

The following table presents the classification, carrying amounts and fair values of the Corporation's financial instruments.

		December 31, 2013		December 31, 2012	
	Classification	Carrying Amount	Fair Value	Carrying Amount	Fair Value
FINANCIAL ASSETS					
Cash and cash equivalents	FVTPL	\$ 11,312	\$ 11,312	\$ 8,925	\$ 8,925
Trade and other receivables	L&R	2,996	2,996	3,044	3,044
Debt retirement fund	FVTPL	1,676	1,676	1,370	1,370
FINANCIAL LIABILITIES					
Trade and other payables	OL	\$ (5,422)	\$ (5,422)	\$ (4,485)	\$ (4,485)
Dividends payable	OL	—	—	(741)	(741)
Long term debt	OL	(36,684)	(40,669)	(36,684)	(45,909)

FVTPL – fair value through profit or loss

L&R – loans and receivables

OL – other liabilities

Fair values

The fair values of cash and cash equivalents, trade and other receivables, trade and other payables, notes payable and dividends payable approximate carrying value due to their immediate or short-term nature.

Debt retirement funds are valued at the closing period-end unit prices received from the Saskatchewan Ministry of Finance.

Long term debt is valued at the present value of future cash flows discounted at the market rate of interest for the equivalent Province of Saskatchewan debt instruments.

Fair value hierarchy

Fair value for cash and cash equivalents and the debt retirement fund are recognized in the Statement of Financial Position. Cash, by its nature, is classified as level one. The debt retirement fund is classified as level two.

20. Financial Risk Management

a) Credit risk

Credit risk is the risk of an unexpected loss if a client or third party to a financial instrument fails to meet its contractual obligations.

The maximum credit exposure is limited to the carrying amount of cash and cash equivalents, trade and other receivables and the debt retirement fund.

Cash and cash equivalents are maintained with high-credit quality financial institutions and management considers the risk of non-performance to be minimal.

Although the Corporation's policy to promote economic development leads to accepting some tenants that have higher credit risk, potential losses are mitigated by the fact that no one tenant occupies more than 10% of rentable space. The Corporation also has established policies and procedures to assess the potential risk prior to extending credit to any client. The following reflects an aging summary of the Corporation's accounts receivable:

	At December 31, 2013	At December 31, 2012
Current	\$ 1,041	\$ 1,176
31 – 60 days	245	193
61 – 90 days	206	203
Over 90 days	1,944	2,203
	3,436	3,775
Allowance	(440)	(731)
Trade and other receivables	\$ 2,996	\$ 3,044

Provisions for credit losses are maintained and regularly reviewed by management. Credit losses are estimated based on an account by account review. Amounts are written off only after reasonable collection efforts have been exhausted. Details of the allowance are as follows:

	At December 31, 2013	At December 31, 2012
Allowance for doubtful accounts, beginning of period	\$ 731	\$ 623
Provision	69	108
Write-offs, net of recoveries	(360)	–
Allowance for doubtful accounts, end of period	\$ 440	\$ 731

Debt retirement funds are on deposit with Government of Saskatchewan's General Revenue Fund. The investment strategy is determined by the Minister of Finance. At December 31, 2013, the debt retirement fund consists mostly of Provincial government and Federal government bonds with varying maturities and are managed based on maturity profile and market conditions. Accordingly the related credit risk associated with these investments is considered low.

b) Interest rate risk

Interest rate risk is the risk of financial loss resulting from changes in market interest rates. The Corporation is exposed to interest rate risk on the maturity of its notes payable. Interest rate risk is managed through converting notes payable to long term debt with fixed interest rates. There were no outstanding short term debt instruments at December 31, 2013.

The Corporation is also exposed to interest rate risk on its cash balances as the rate of return fluctuates with prime interest rates. The impact of fluctuations in prime interest rates is not considered significant to the Corporation.

c) Liquidity risk

Liquidity risk is the risk that the Corporation will not be able to meet its financial obligations as they fall due. The Corporation's cash resources are managed based on financial forecasts and anticipated cash flows.

The following summarizes the contractual maturities of the Corporation's financial liabilities at December 31, 2013:

	6 Months or Less	7 to 12 Months	1 to 2 Years	3 to 5 Years	More than 5 Years
Trade and other payables	\$ 5,422	\$ –	\$ –	\$ –	\$ –
Long term debt	870	870	1,740	5,218	72,410
	\$ 6,292	\$ 870	\$ 1,740	\$ 5,218	\$ 72,410

Contractual cash flows for long term debt include principal and interest payments but exclude debt retirement fund installments.

d) Market risk

Market risk is the risk that the value of an investment will decrease due to moves in market factors.

The Corporation is exposed to market risk primarily through the debt retirement fund. Fair value adjustments will fluctuate based on changes in market prices. Fair value adjustments similar to those experienced up to December 31, 2013 would not have a material impact on net income.

21. Related Party Transactions

Included in these financial statements are transactions with various Saskatchewan Crown corporations, universities, ministries, agencies, boards and commissions related to the Corporation by virtue of common control by the Government of Saskatchewan. Non-Crown corporations and enterprises subject to joint control and significant influence by the Government of Saskatchewan are also considered related parties.

Routine operating transactions with related parties are settled at agreed upon amounts under normal trade terms. Total rental revenue from related parties in 2013 was \$15,653 (2012 - \$15,690).

The Corporation pays Provincial Sales Tax to the Ministry of Finance on all its taxable purchases. Taxes paid are recorded as part of the cost of those purchases.

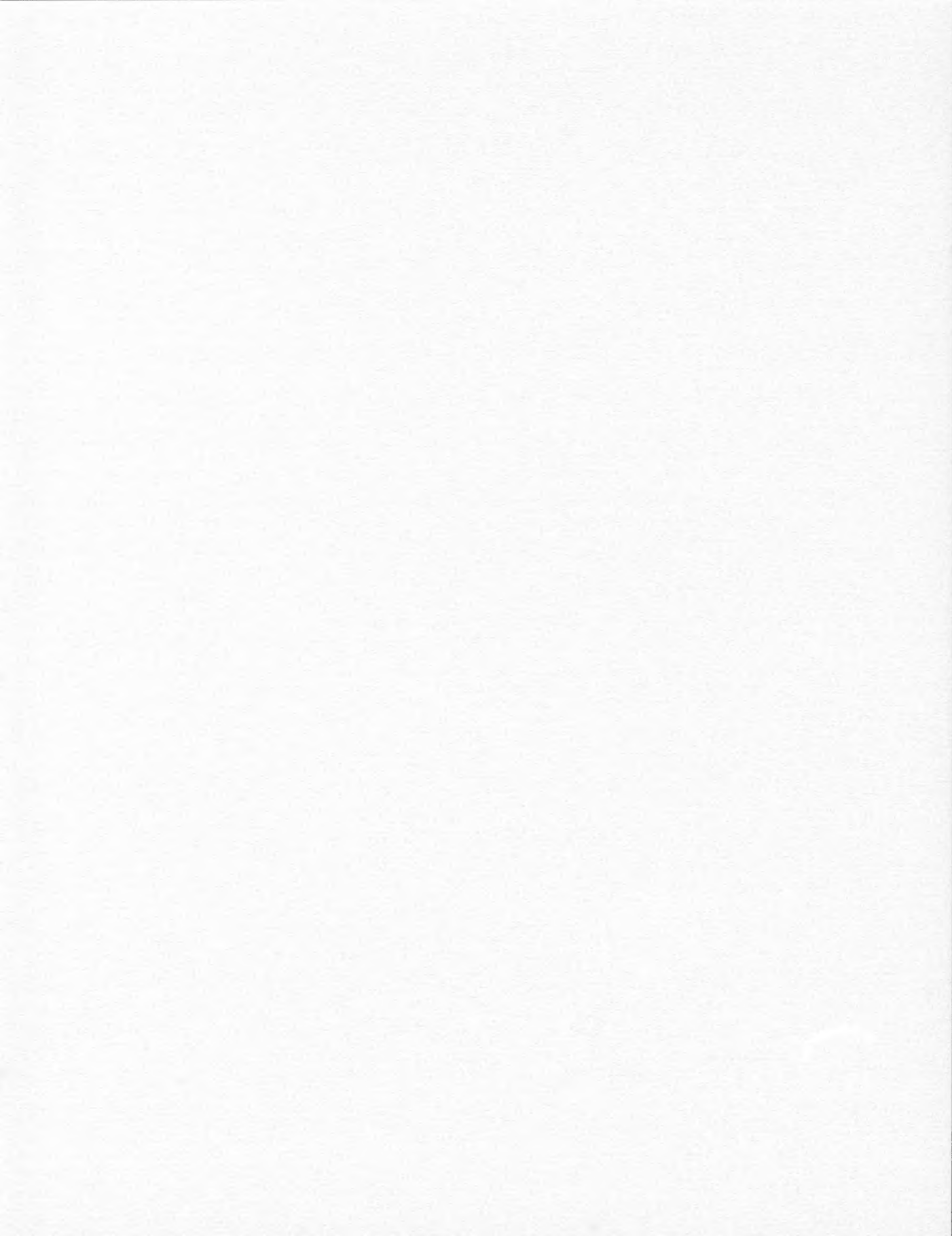
Compensation of key management personnel

Key management personnel include Executive Directors and Corporate Officers. The compensation paid to key management for employee services is shown below:

	Year ended December 31, 2013	Year ended December 31, 2012
Salaries, wages and short-term employee benefits	\$ 1,413	\$ 1,490
Post-employment benefits	71	80
	<u>\$ 1,484</u>	<u>\$ 1,570</u>

22. Pension Plan

Pension expense, consisting of corporate contributions made in proportion to employees' earnings, for the year ended December 31, 2013 was \$578 (\$563 for the year ended December 31, 2012).





Corporate Office

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